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Quality of work and employment, industrial relations and restructuring in Turkey

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Acronyms and abbreviations used in report

AKP	Justice and Development Party
BBP	Grand Unity Party
CHP	Republican People's Party
CSGB	Ministry of Labour and Social Security
DİSK	Confederation of Revolutionary Trade Unions
DSP	Democratic Left Party
DTP	Democratic Society Party
EPL	Employment Protection Legislation
GDP	Gross domestic product
HAK-İŞ	Confederation of Turkish Real Trade Unions
ILO	International Labour Organization
İŞKUR	Turkish Employment Agency
KESK	Confederation of Public Workers' Unions
KOSGEB	Small and Medium-sized Industry Development Organisation
MEMUR-SEN	Confederation of Civil Servants' Unions
MHP	Nationalist Movement Party
NGOs	Non-governmental organisations
ODP	Freedom and Democracy Party
OECD	Organisation for Economic Co-operation and Development
SGK	Social Security Institution
SMEs	Small and medium-sized enterprises
TESK	Turkish Confederation of Tradesmen and Craftsmen
TİSK	Turkish Confederation of Employer Associations
TÜİK	Turkish Institute of Statistics
TÜRK-İŞ	Confederation of Trade Unions of Turkey
TÜRKİYE KAMU-SEN	Turkish Confederation of Public Labour Unions

Political and economic background

1

Economic development

In 2001, the Turkish economy was hit by the worst financial crisis in its recent history, with the economy shrinking by 8% in a single year. Since then, however, Turkey has achieved impressive economic growth, although this growth has decelerated somewhat since 2004 when the economy peaked at 8.9%. The growth rate in the country's gross domestic product (GDP) declined to 6.1% in 2006 from 7.4% in 2005. In the third quarter of 2007, the growth rate remained at only 3.8%, down from 5.4% in the first half of 2007.

One of the major positive developments in recent years has been the reduction in the country's inflation rate, which dropped to single digit figures from its double digit levels of about 70% in early 2002.

In the period following the 2001 financial crisis, Turkey's external balance¹ has gradually deteriorated. In 2004, the country's current account deficit reached 5.2% of GDP, exceeding the pre-2001 crisis level of 4.9% of GDP. This level increased even further in 2005 and 2006, reaching 6.3% and 8.2% of GDP, respectively. Turkey has so far been able to finance its escalating current account deficit with the help of considerable inflows of foreign currency, which were made possible by the high revenue generated from privatisation and the favourable economic environment for foreign investors. Nonetheless, large portfolio capital inflows led to the appreciation of the new Turkish lira, which in turn caused trade deficit to rise, exacerbating the current account deficit.

Despite the rapid economic growth of recent years, Turkey has not been successful in translating this growth into the creation of sufficient numbers of new jobs. Employment grew by only 1.2% in 2005 and by 1.3% in 2006, increasing slightly to just 1.8% in the third quarter of 2007. The country's unemployment rate has remained at about 10%–11% for each year since the start of the economic recovery in 2002. Unemployment is particularly high among young people aged 15–24 years, reaching 19% in recent years. From a gender perspective, although the overall female unemployment rate remained at 10% in recent years, the rate of female unemployment in urban areas has been much higher, fluctuating between 16% and 18%. Undeclared employment has continued to be one of the major issues in the Turkish labour market, accounting for 49% of total employment in 2006 and in the third quarter of 2007, only down from 53% in 2004.

At the same time, Turkey's labour force participation rate has declined, albeit only slightly, to 48% in 2006 and in the third quarter of 2007, down from the 50% levels of the early 2000s. No progress has been made with regard to women's participation in the labour force: the female participation rate, which had already been low at 27%–28% in the early 2000s, declined even further to 25% in 2006–2007. Moreover, at 20%, the female labour force participation rate in urban areas remained below its rural equivalent of 33%. In relation to young people, the labour force participation rate stood at only about 38% in 2006 and in the third quarter of 2007 – or at 52% for men and 25% for women.

A sectoral breakdown of output and employment provides a mixed picture. In 2006 and 2007, the services sector accounted for 60% of GDP and 47% of total employment. Agriculture, however, accounted for only 9% of GDP and 27% of all jobs. It is clear from these figures that productivity in the agricultural sector has been particularly low. Industry's share of GDP and employment amounted to 26% and 20%, respectively. The construction sector accounted for the remaining proportion, at 5% of GDP and 6% of total employment. Since the rapid economic growth beginning in 2002,

¹ A condition whereby the country's current account – that is, its exports minus its imports – is neither too far in surplus nor in deficit.

the financial services sector, which was badly hit during the 2001 financial crisis, has not shown any significant recovery. Financial institutions registered substantial negative growth in three consecutive years, beginning with the crisis year – at 9.9% in 2001, 7.1% in 2002 and 6.3% in 2003. The sector started to grow modestly by 1.1% in 2004, but dropped once again in 2005 (0.2%). In 2006, financial services grew by only 2.2% as opposed to 6.1% growth in the overall economy. This highlights how the effect of the crisis on white-collar employment was particularly severe and prolonged.

In recent years, downsizing in the public sector through privatisation has been particularly rapid. The proceeds from privatisation between 1985 and 2007 totalled USD 34.9 billion (about €27.8 billion as at 18 February 2009), 70% of which (USD 24.5 billion or €19.5 billion) was acquired from the privatisation carried out since full membership negotiations commenced with the European Union in 2004. In 2006, the proceeds from privatisation equalled 2.5% of GDP, totalling USD 10 billion (€7.95 billion). In 2007 (as at 20 November), USD 9.5 billion (€7.6 billion) worth of privatisation had been realised. Large state-owned telecommunications, steel and refinery companies were among the privatised enterprises. As state-owned enterprises currently account for 5% of GDP, further rapid privatisation progress is expected in the next few years, especially in industries such as electricity, banking, petrochemicals and air transport. Since the start of privatisation in 1985, employment in state-owned enterprises has declined by 65%, which is the equivalent of some 430,050 job losses. In 2005–2006, privatised companies employed 114,440 workers before privatisation.

Political development

Turkey is a democratic society with a pluralist, multi-party representative parliament – a system which is based on the principle of the separation of powers. Executive power is exercised by the government, while the country's unicameral (one chamber) parliament, the Grand National Assembly of Turkey (*Türkiye Büyük Millet Meclisi*), holds legislative power. Turkey's judiciary is independent of both. The country's political system is based on the principle of secularism, and its legal framework is set out in its constitution. The current constitution came into effect in 1982, following the military overthrow in 1980. At present, four main parties are represented in parliament: the Islamic-liberal Justice and Development Party (*Adalet ve Kalkınma Partisi*, AKP), the centre-left Republican People's Party (*Cumhuriyet Halk Partisi*, CHP), the right-wing Nationalist Movement Party (*Milliyetçi Hareket Partisi*, MHP) and the independent Democratic Society Party (*Demokratik Toplum Partisi*, DTP). The country's Prime Minister – Recep Tayyip Erdoğan – is the Chair of the AKP, which holds the majority of seats in parliament.

In 2007, a series of events triggered Turkey's early elections – in particular, the presidential election due to be held in April 2007, as the presidential term of the then president, Ahmet Necdet Sezer, was coming to an end in May 2007. Opposition parties boycotted the election. The sole candidate, the then Foreign Minister and Deputy Prime Minister, Abdullah Gül, failed to obtain the required two-thirds majority in the first election held on 27 April 2007. As a result, the main opposition party, the CHP, applied to Turkey's Constitutional Court (*Anayasa Mahkemesi*) for the invalidation of the vote. The constitutional court ruled accordingly and a new round of voting was held; however, once again, the two-thirds quorum of participants was not achieved. This resulted in the withdrawal of Mr Gül's candidacy and the cancellation of the entire process, thus necessitating the early parliamentary elections.

The parliamentary elections were held on 22 July 2007, attracting a turnout of over 83% of voters. Altogether, the parliament consists of some 549 seats. Parties must cross the 10% threshold of the national vote to be represented in parliament. Only three parties in the last election crossed this threshold: that is, the AKP which won 46.6% of the seats or 341 seats, the CHP (20.9% or 112 seats), and the MHP (14.3% or 70 seats). In addition, 26 independent candidates were elected, accounting for 5.3% of the national votes; some 20 of these candidates were from the DTP. As a party needs to have at least 20 seats to be represented as a political group in the country's parliament, these 20 DTP candidates formed a political group in parliament. Overall, therefore, the current parliament is made up of four political groups. The

Democratic Left Party (*Demokratik Sol Parti*, DSP) is represented by 13 members of parliament (MEPs) who left the CHP, leaving it with 99 seats. Both parties formed an alliance for the election, foreseeing the aforementioned development. The other two parties represented in parliament are the Freedom and Democracy Party (*Özgürlük ve Dayanışma Partisi*, ODP) and the Grand Unity Party (*Büyük Birlik Partisi*, BBP), which have one seat each. In addition, the parliament comprises four independent MEPs.

Once in parliament, the majority AKP party proposed a package of constitutional reforms: these included the election of the president by popular vote for a renewable term of five years; the shortening of the government's term of office from five to four years; and the establishment of a one-third voting quorum for all sessions and decisions of parliament. The Turkish parliament adopted the package on 10 May 2007 and, following a referendum on 21 October 2007, the reforms were endorsed.

The aforementioned 10% threshold – which is the highest among the European parliamentary systems – has been strongly criticised for reducing the country's political diversity and optimal representation. The issue was brought before the European Court of Human Rights (ECHR); however, in January 2007, the ECHR ruled that the threshold did not violate the right to free elections. The issue was subsequently referred to the Grand Chamber.

In August 2007, the newly elected parliament appointed the country's new President – Abdullah Gül – in the third round by a majority of 339 votes. A new single-party AKP government was formed by the prime minister after the general election and endorsed by the president on 5 September 2007.

Flexibility and security

The concepts of ‘labour market flexibility’ and ‘job security for workers’ have recently generated growing debate in Turkey. ‘Flexicurity’ – a term which describes an optimal balance between labour market flexibility and security for employees against labour market risks – has also received increased attention from the social partners and government organisations in recent years. As a result, flexicurity related issues – such as job creation, job security and social inclusion – are now emerging in social partner discussions, although it remains to be seen how this debate will evolve. Nevertheless, the debate lacks broader participation and should also include those who are not represented by the social partners. Trade unions in Turkey, for example, represent only a small percentage of workers, in the region of between 8% and 12% of workers, while the informal sector constitutes almost 50% of total employment. Against this background, this section discusses the current situation regarding ‘labour market flexibility’ and ‘security’ in Turkey.

Until the early 2000s, Turkey had no explicit employment protection legislation and unemployment benefit system in place. The country ratified the International Labour Organization (ILO) convention on the ‘termination of employment at the initiative of the employer’ (No. 158)² in 1995, but did not implement it until the early 2000s. Instead, the severance pay provisions under the former labour law (Law No. 1475) – calculated as the monthly wage multiplied by the number of years’ job tenure – acted as a form of employment protection by compensating workers in the event of unfair dismissals. In this way, it provided job protection by reducing incentives for dismissals. However, employer organisations have criticised the measure, claiming that it reduces labour market flexibility. The new labour code that came into effect in June 2003 is nevertheless expected to increase the country’s labour market flexibility for the following reasons.

Firstly, employment protection is recognised by this labour code only for those establishments employing 30 or more workers. Under the new labour law, therefore, small establishments have gained significant flexibility. Secondly, the new labour law recognises atypical and flexible forms of employment, enabling employment contracts to be legally arranged in flexible ways. Not only does the law recognise fixed-term contracts, it also does not impose any restrictions or renewal criteria on such contracts, thus allowing for greater flexibility in temporary employment. However, the EU Directive of 28 June 1999³ concerning the framework agreement on fixed-term work does pay heed to abuses that may arise from the use of successive fixed-term employment contracts. Thirdly, greater flexibility in working time is also recognised under the new labour law: as long as maximum limits for daily working time and weekly working time do not exceed 11 hours and 45 hours respectively, there is room for flexibility in the arrangement of working time between the employer and employee. At the same time, this reduces the cost for the employer by eliminating overtime.

With regard to job security, the severance pay provision was retained in the new labour code as the main component of employment protection legislation. Severance pay covers only establishments with 30 or more workers and excludes small establishments and the informal sector. The country’s unemployment insurance system, which was established in 1999, was also incorporated into the new labour law. The system covers only insured workers and excludes civil servants and self-employed people. However, restrictions were placed on eligibility conditions, therefore limiting the number of beneficiaries.

² See details of ILO Convention No. 158 at: <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C158>

³ Council Directive 1999/70/EC, available online at: http://eur-lex.europa.eu/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=en&numdoc=31999L0070&model=guichett

Flexible forms of employment were introduced under the new labour code, primarily for the purpose of employment creation. However, labour market data in Turkey do not provide any evidence in this direction, with the unemployment rate standing at 9.9% in 2007, only down from 10.3% in 2004. At the same time, the country's employment rate declined to 43.1% in 2007 from 43.7% in 2004⁴. Nevertheless, Turkey's economy experienced strong growth during this period. Ercan (2007, p. 55) mentions that: 'the job security clauses (which amount to a firing tax on the employers) and severance pay were blamed for the employer reluctance in expanding employment ... A workers' union countered the employer's job security argument with a forceful, "Now, you have all the flexibility you had wanted for decades, and you still failed to create jobs [quote from Salim Uslu, the President of the country's third largest trade union, the Confederation of Turkish Real Trade Unions (Hak-İş)]". Ercan adds that: 'as it is, one is not in a position now to assess the new labour law's impact on the labour market. Because of the productivity increase factor, one may not yet debate whether the new labour law had the "right" mix of flexibility and job security, "flexicurity", for Turkey'⁵.

A study by the World Bank on Turkey's labour market (World Bank, 2006, p. 80) gives two measures of employment protection: namely, the Employment Protection Legislation (EPL) index and the Heckman-Pages index. Among 30 countries, including all member countries of the Organisation for Economic Co-operation and Development (OECD), Turkey comes second in both indices, preceded only by Portugal, in terms of the strictness of its EPL. When EPL scores for 26 countries were calculated in the late 1990s, Turkey once again ranked second after Portugal, which means that these two countries had the most protective employment protection rules. The overall EPL score of 3.5 for Turkey has not changed, and the World Bank study claims that the new labour law has had little effect on the country's EPL strictness score. The EPL index is calculated as a simple average of the EPL index for regular employment and the EPL index for temporary employment. It has been pointed out that the two components of the EPL index have higher scores in Turkey; the higher EPL score for regular employment is attributed to the high severance payments, while the higher EPL score for temporary employment is linked to restrictions on fixed-term contracts and the lack of temporary work agencies.

However, as argued by Taymaz and Özler (2005), the EPL indices do not accurately reflect the situation in Turkey for several reasons. Firstly, the informal sector, which accounts for a substantial proportion of Turkey's labour force, is not covered by the EPL. Secondly, even among the formal sector, compliance with the regulations is relatively low. Thirdly, as already outlined, the new labour law excludes small companies employing fewer than 30 workers, thus providing extensive flexibility to such establishments while reducing the coverage of employment protection among these small companies. Moreover, the unemployment insurance system implemented in 1999 weakened the severance payment provision – which had been strongly criticised by the World Bank and the OECD – as a tool for protection and insurance.

⁴ Eurostat data on Turkey's employment rate slightly differ from these figures. This stems from the different definitions used by Eurostat and the Turkish Institute of Statistics (TÜİK). Eurostat defines the employment rate as persons in employment as a percentage of the working age population (15–64 years), whereas TÜİK defines it as persons in employment as a percentage of the population aged 15 years and older.

⁵ However, the OECD (2006) argues that, despite the fact that the threshold for employment protection in companies was increased by the new law from 10 to 30 workers, certain aspects of the law were made even more rigid. It also makes three suggestions for Turkey to increase its labour market flexibility: 1) reduce substantially the social security contribution rates; 2) reform employment protection legislation by replacing severance payments with unemployment insurance; and 3) reduce the ratio of the minimum wage to the average wage by slowing down the minimum wage increase and allowing regional differentiation regarding the minimum wage.

The debate on flexibility in Turkey has largely focused on certain flexibility categories – such as labour cost flexibility or wage flexibility, and numerical flexibility or quantitative flexibility. A missing element in this debate has been the quantitative aspect of internal flexibility, or functional flexibility. This form of flexibility requires the development of skilled employees through different means. Skills development will, in turn, enhance workers' employability, thus providing additional security for workers.

As is argued in a case study on Turkey – prepared for the Education and Training for Employment (ETE) project for the MEDA region (European Union Member States and other countries bordering the Mediterranean):

The segmented nature of the Turkish labour market results in considerable differentials in terms of working conditions, earnings and protection between those employed in the formal sector and those working in the informal sector and, within the formal sector, between the workers organised in trade unions and those not organised. Unemployment insurance was introduced recently and addresses a small part of jobless people, but improving the safety net and in particular unemployment insurance is the next step in increasing workers' security and moving from job protection to workers' protection.

(MEDA-ETE, 2006)

Health and well-being of workers

Turning to the issue of workers' health and well-being, the findings provide an insight into a number of aspects pertaining to work-related health in Turkey. In relation to the number of accidents at the workplace, some 79,601 workers out of a total 7,818,642 registered workers were reported to have had accidents in 2006 (Table 1). This amounts to an incidence rate of 1,018 accidents per thousand workers in 2006, which was down from a rate of 1,499 accidents in 2001.

Table 1: *Details of work accidents, 2001–2006*

	Number of workers registered with Social Security Institution	Number of workers reporting accidents	Incidence rate (per 100,000 workers)
2001	4,886,881	73,250	1,499
2002	5,223,283	72,945	1,397
2003	5,615,238	77,108	1,373
2004	6,181,251	84,214	1,362
2005	6,918,605	74,442	1,076
2006	7,818,642	79,601	1,018

Source: *Social Security Institution, Annual statistics, 2002, 2004 and 2006*

In terms of causative factors, 79,027 of the workers who had accidents in 2006 experienced some form of work-related injury, while the remaining 574 workers suffered from an occupational disease (Table 2). The number one cause of work-related injuries was 'stepping on, striking against or being struck by objects', which accounted for about 36% of all such injuries in 2005 and 2006. Being struck by falling objects ranked in second place (21%) as the leading cause of work-related injuries, followed by accidental falls (11%).

Table 2: *Top 10 causes of work-related injuries, 2005 and 2006*

	2005		2006	
	Total number of injuries	% of overall injuries	Total number of injuries	% of overall injuries
Stepping on, striking against or being struck by objects (excluding falling objects)	26,981	36.5	28,446	36.0
Struck by falling objects	15,791	21.4	16,713	21.1
Accidental falls	8,660	11.7	8,896	11.3
Accident caused by machinery	7,824	10.6	9,533	12.1
Other types of accident, not elsewhere classified	3,370	4.6	4,451	5.6
Transport accidents	2,704	3.7	3,053	3.9
Injuries due to body strain	2,459	3.3	2,561	3.2
Exposure to or contact with extreme temperatures	1,69	2.3	1,839	2.3
Contamination of part of body with a foreign object	1,504	2.0	1,163	1.5
Murder and wound	1,373	1.9	788	1.0
Accident caused by explosion	764	1.0	664	0.8
Other	797	1.1	920	1.2
Total	73,923	100.0	79,027	100.0

Source: *Social Security Institution, Annual statistics, 2005 and 2006*

With regard to the number of fatal accidents, work-related injuries resulted in the death of some 1,592 workers in 2006, while an additional nine workers lost their lives due to occupational diseases (Table 3). In the same year, 1,953 workers became permanently incapacitated due to work-related injuries and 314 workers due to occupational diseases, which meant that they were no longer able to work⁶.

Table 3: *Number of workers who were permanently incapacitated or who died due to work-related injuries or occupational diseases, 2001–2006*

	Number of work-related injuries	Number of occupational diseases	Number of workers permanently incapacitated		Number of deaths	
			Due to work-related injuries	Due to occupational diseases	Due to work-related injuries	Due to occupational diseases
2001*	72,367	883	2,183		1,008	
2002	72,344	601	1,820	267	872	6
2003	76,668	440	1,451	145	810	1
2004	83,830	384	1,421	272	841	2
2005	73,923	519	1,374	265	1,072	24
2006	79,027	574	1,953	314	1,5902	9

Note: * No breakdown of overall figures was available for 2001.

Source: *Social Security Institution, Annual statistics, 2001, 2002, 2004 and 2006*

⁶ Cumulative data indicate that, in 2006, a total of 54,857 workers had some degree of permanent incapacity, which was up from 51,959 workers in 2002.

In 2006, among all of the workers with some degree of permanent incapacity, 13% lost at least half of their capacity to perform work, which was only down from 15% in 2001 (Table 4). A further 41% of all workers with some degree of permanent incapacity lost up to one fifth of their work capacity due to work-related injuries and occupational diseases in 2006⁷. In Turkey, workers who lose at least 10% of their capacity to work are entitled to receive permanent incapacity income if they are insured.

Table 4: *Degree of incapacity among workers who became permanently incapacitated, 2001–2006 (%)*

Degree of incapacity	2001	2002	2003	2004	2005	2006
Less than 10%*	0	0	0	0	0	0
10%–19%	38	38	37	42	42	41
20%–29%	20	18	19	19	19	18
30%–39%	16	19	19	18	16	17
40%–49%	11	11	13	10	10	10
50%–100%	15	15	13	12	12	13
Total	100	100	100	100	100	100

* those losing less than 10% of their capacity to work are not entitled to permanent incapacity income.

Source: Social Security Institution, Annual statistics, 2002, 2004 and 2006

In terms of the number of deaths due to work-related accidents, this figure almost doubled between 2002 and 2006 (Table 5). In 2006, just under one third of deaths due to work-related accidents occurred in sectors that could not be identified in the statistics of the Social Security Institution (*Sosyal Güvenlik Kurumu*, SGK)⁸. This may help to explain the dramatic rise in the total number of deaths due to work-related accidents which occurred between 2002 and 2006, and between 2005 and 2006. From a sectoral perspective, most of the fatal accidents occurred in the construction sector. This sector was followed by transport, wholesale and retail trade, and coal mining in terms of the industries recording the highest number of deaths caused by work-related accidents.

⁷ The distribution of cumulative data among these workers gives a similar result.

⁸ Since October 2008, the following three organisations were merged under the newly-formed Social Security Institution (SGK) – the Social Security Authority (SSK), the Social Insurance for the Self-employed (*Bağ-Kur*) and the Retirement Fund (*Emekli Sandığı*).

Table 5: Top 10 sectors with highest number of deaths due to work-related accidents, 2002, 2005 and 2006

2002		2005		2006	
Construction	319	Construction	290	Unknown	504
Transport	130	Transport	161	Construction	397
Wholesale and retail trade	52	Unknown	86	Transport	165
Coal mining	42	Coal mining	82	Wholesale and retail trade	69
Food manufacturing industries	38	Wholesale and retail trade	59	Food manufacturing industries	38
Product manufacturing from stone, clay, sand, etc	31	Product manufacturing from stone, clay, sand, etc	32	Coal mining	35
Personal services	30	Stone quarrying, clay and sand	32	Product manufacturing from stone, clay, sand, etc	35
Heating with electricity, gas and steam	19	Food manufacturing industries	32	Personal services	32
Stone quarrying clay and sand	18	Personal services	29	Manufacturing of metal products	31
Textiles	18	Textiles	28	Stone quarrying, clay and sand	26
Unknown	12	Manufacturing of metal products	25	Textiles	26
Other	169	Other	240	Other	243
Total	878	Total	1,096	Total	1,601

Source: Social Security Institution, Annual statistics, 2002, 2005 and 2006

In order to address the issue of health and safety at work, the adoption of a programme for transposing the relevant EU legislation in this field was put forward as a short-term goal by the EU Council Decision of 19 May 2003 on the 'principles, priorities, intermediate objectives and conditions' of the accession partnership with Turkey⁹; the transposition and implementation of the legislation was foreseen as a medium-term priority. However, a decision by Turkey's Council of State (*Danıştay*) in August 2004 to suspend a number of regulations transposing the framework directive prevented this text from being fully implemented. Nevertheless, national policy in the field of health and safety is adopted by the country's National Occupational Health and Safety Council – an advisory body composed of representatives from Turkey's public institutions, social partners and relevant stakeholders. Through the council's efforts, health and safety at work legislation has been enforced and implemented (European Commission, 2006). According to the European Commission (2007, p. 53), 'Turkey has attained a good degree of alignment with the *acquis*¹⁰'. However, the Commission (2007, p. 53) adds that in the field of health and safety at work, 'shortcomings remain. In particular, new legislation to transpose the Framework Directive has not been adopted. Furthermore, existing legislation does not cover all workers in the private sector and excludes workers in the public sector. In addition, further efforts to implement the legislation are needed, including through awareness-raising, training and strengthening the capacity of the inspection bodies'.

⁹ See details of EU Council Decision of 19 May 2003 at: http://eur-lex.europa.eu/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=en&numdoc=32003D0398&model=guichett

¹⁰ Refers to the *acquis communautaire* – that is, the cumulative body of European Community laws.

Turkey is currently participating in the European Agency for Health and Safety at Work (OSHA), as defined in related Council regulations. The country has also ratified both ILO Convention No. 155 on occupational health and safety¹¹ and ILO Convention No. 161 on occupational health services¹². The European Foundation for the Improvement of Living and Working Conditions (Eurofound) also conducts research on quality of life issues in Turkey – including health and safety at work – mainly through its European Quality of Life Surveys (EQLS)¹³.

In the meantime, the European Commission (2006) has highlighted how the social partners should give priority to improving people's health and well-being at work. More specifically, social dialogue should be strengthened and tripartite social dialogue mechanisms, such as economic and social councils, should be used more effectively to this end.

Education and skills development

Turning to the issue of education and skills development, significant differences can be seen across Turkey from a number of perspectives. From a gender perspective, urban female workers appear to be more educated than their male counterparts, while the opposite is the case in rural areas (Table 6). In urban areas, some 58% of male workers and 42% of female workers had less than a secondary school education or no education in 2007. In the same year, 29% of urban female workers had a higher education, compared with only 15% of urban male workers. The gender differences in this respect are attributed not so much to the fact that women have better levels of educational attainment, but because educated women more frequently choose to enter the labour market. It is therefore the low educational attainment of women, among other factors, that mainly creates a barrier to their labour market entry.

Table 6: *Educational levels of workforce, by gender and urban/rural areas, 2000 and 2005–2007 (%)*

		No education			Less than secondary school education			Secondary or vocational school education			Higher education		
		men	women	total	men	women	total	men	women	total	men	women	total
2000	Urban	2	4	2	63	38	58	24	31	25	12	26	14
	Rural	7	31	16	79	63	73	11	4	9	3	2	3
	Total	4	21	9	70	53	65	18	15	17	8	11	9
2005	Urban	2	5	2	59	40	55	26	28	26	14	27	17
	Rural	4	22	10	74	67	72	17	8	14	5	4	4
	Total	2	14	5	65	54	62	23	17	21	10	15	12
2006	Urban	1	4	2	58	40	54	26	28	27	14	28	17
	Rural	4	21	10	74	66	72	17	8	14	5	4	5
	Total	2	13	5	64	53	61	23	18	22	11	16	12
2007	Urban	1	4	2	57	38	53	27	29	27	15	29	18
	Rural	3	21	9	75	67	72	17	8	14	5	5	5
	Total	2	12	5	63	52	60	23	19	22	11	17	13

Source: Turkish Institute of Statistics (Türkiye İstatistik Kurumu, TÜİK), Labour Force Surveys, 2000 and 2005–2007

¹¹ See details of ILO Convention No. 155 at: <http://www.ilo.org/public/english/protection/safework/cis/oshworld/ilostd/c155.htm>

¹² See details of ILO Convention No. 161 at: <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C161>

¹³ See details at: <http://www.eurofound.europa.eu/areas/qualityoflife/eqls/>

It should be pointed out that the educational attainment of Turkey's workforce has gradually improved over the years. For instance, the proportion of workers with no education or less than a secondary school education declined from 74% in 2000 to 65% in 2007 (Table 6). At the same time, the proportions of workers with a secondary school education or higher education have increased.

OECD figures on education reveal striking difference in terms of educational attainment between Turkey and 19 of the EU Member States that are also OECD member countries (EU19)¹⁴ – as well as between Turkey and the OECD average (Table 7). Overall, 73% of people aged 25–64 years in Turkey had a lower secondary education or less than this in 2005, compared with only 29% of this population in the EU19. Moreover, while the proportion of people with either an upper secondary or third-level education in Turkey amounted to only 17% and 10% respectively, the corresponding figures were substantially higher in the EU19, at 44% and 24% respectively. In Turkey, the proportion of men with an upper secondary or third-level education was 10 percentage points higher than that of women in 2005. However, in the EU19, this difference only amounts to two percentage points.

Table 7: *Educational attainment of adult population, by gender, Turkey, OECD and EU19, 2005 (%)*

		Pre-primary or primary education	Lower secondary education	Upper secondary education	Third-level education	All levels of education
Turkey	Men	55	13	21	11	100
	Women	72	7	14	8	100
	Total	63	10	17	10	100
OECD average	Men	27		43	26	96
	Women	31		40	26	97
	Total	29		41	26	96
EU19 average	Men	27		45	24	96
	Women	30		42	25	97
	Total	29		44	24	97

Note: Figures show the highest level of education attained by the population aged 25–64 years.

Source: OECD, 'Education at a glance', 2007

In Turkey, employment rates generally rise with levels of educational attainment, a finding which is also observed for the OECD and EU19 countries (Table 8). In particular, the employment rate among those with a third-level education is notably higher than that among those with lower levels of education. Moreover, differences in employment rates between men and women are more pronounced among the lower education groups. For all levels of education, women in Turkey have significantly lower employment rates than men and also than their European counterparts.

¹⁴ The EU19 refers to the 19 OECD countries that are members of the European Union for which data are available. The 19 countries are as follows: Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Poland, Portugal, Slovakia, Spain, Sweden and the United Kingdom (UK).

Table 8: *Employment rates of men and women, by educational attainment, Turkey, OECD and EU19, 2005 (%)*

		Pre-primary or primary education	Lower secondary education	Upper secondary education	Third-level education	All levels of education
Turkey	Men	75	78	84	83	78
	Women	22	19	29	64	26
	Total	47	59	67	76	54
OECD average	Men	64	73	84	89	82
	Women	39	49	64	79	63
	Total	47	61	75	85	72
EU19 average	Men	58	69	82	89	79
	Women	36	47	63	81	63
	Total	42	58	73	85	71

Note: Figures show number of 25–64 year olds in employment as a percentage of overall population aged 25–64 years, by level of education and gender.

Source: OECD, 'Education at a glance', 2007

In Turkey, the age limit for compulsory education was raised to eight years of age in 1997; prior to this, it was five years of age. After completing their compulsory education, students can go on to secondary education, pursuing their studies in either a secondary school or vocational and technical school, both of which should equip students with the necessary skills to enter employment once they complete their studies.

Vocational training

The Ministry of National Education (*Millî Eğitim Bakanlığı*) is the only authority in Turkey that certifies vocational qualifications. After completing compulsory education, young workers can acquire theoretical and practical apprenticeship training lasting between two and four years, depending on the profession and participation rate. After this period, the apprentice can take a 'journeymanship' examination, receiving a journeymanship certificate if they are successful. Those who have acquired journeyman status can attend journeyman training provided at vocational and technical centres outside of working hours. At the end of the training period, the individual can go on to take the 'mastership' examination, obtaining a mastership certificate¹⁵.

In 2007–2008, some 187,927 candidate apprentices, apprentices and journeymen received training in 307 vocational education and training outlets in Turkey (Table 9). In the same year, some 150,673 certificates were awarded.

¹⁵ Students who receive a diploma from a vocational and technical secondary school can take the mastership exam directly or take it after having attended mastership courses organised by the Ministry of Education. Journeymen who have performed their profession for at least five years can obtain an external master's certification without attending courses (Tunali et al, 2003, p. 67).

Table 9: *Level of participation in vocational education and training, 2003–2008*

	Number of vocational education and training outlets	Number of candidate apprentices, apprentices and journeymen	Number of certificates received*
2003–2004	293	195,910	83,943
2004–2005	297	184,761	139,011
2005–2006	300	183,200	107,454
2006–2007	300	178,279	225,184
2007–2008	307	187,927	150,673

* This number includes journeymen certificates, mastership certificates, certificates required to open special businesses, and certificates required to train for a mastership.

Source: Ministry of National Education, Department of Apprenticeship and Non-formal Education, 2003–2008

Vocational schools in Turkey have not been successful in providing the labour market with a sufficient number of technicians and individuals with skills. As a result, in 2006, the Ministry of National Education introduced the ‘Secondary Education Project’ to address this issue and introduce curriculum changes in vocational and technical schools that best serve the needs of industry.

Non-formal education and training

Continuing education and training in Turkey is provided by institutions such as government bodies, private establishments, non-governmental organisations (NGOs) and universities. For example, the Ministry of National Education provides non-formal education and training either in own its capacity or in cooperation with other institutions.

In 2005–2006, over 4.5 million persons were engaged in non-formal education and training in public and private institutions (Table 10). Private institutions accounted for about 45% of this total. The data combine both general and vocational non-formal education. Private education centres which prepare students for higher education are considered general education institutions rather than vocational education centres. About one million students attended these institutions for the purpose of exam preparation in order to gain access to higher education in mostly publicly funded universities in 2005–2006. The data also indicate that almost 45% of those admitted to non-formal education institutions and the same proportion of those completing their non-formal education in 2006 were women.

Table 10: Number of men and women attending non-formal education institutions, by type of training, 2005–2006

	Number of new admissions			Number of graduates		
	Total	Men	Women	Total	Men	Women
Overall total	4,508,564	2,545,010	1,963,554	2,305,767	1,267,753	1,038,014
Public (total)	2,427,638	1,193,391	1,234,247	1,623,619	733,375	890,244
Vocational courses	74,365	51,802	22,563	62,083	42,374	19,709
Public training centres	1,674,358	721,311	953,047	1,312,891	588,458	724,433
Vocational training centres	307,744	259,647	48,097	-	-	-
Various courses	293,742	154,236	139,506	185,954	97,191	88,763
Practical trade schools for girls	74,661	5,750	68,911	61,701	5,336	56,365
Others*	2,768	645	2,123	990	16	974
Private (total)	2,080,926	1,351,619	729,307	682,148	534,378	147,770
Private education centres	1,071,827	562,916	508,911	-	-	-
Special education	7,493	4,159	3,334	-	-	-
Motor vehicle driving course	1,001,606	784,544	217,062	682,148	534,378	147,770

* Others include ‘maturation institutions’, tourism training centres and adult technical training centres.

Source: TÜİK statistics on education (based on data from the Ministry of National Education)

Participation in non-formal education and training remains extremely low in Turkey. In 2005–2006, only 8.6% of people aged 15 years and over participated in this type of education and training. Non-formal training and education activities are more common in the formal sectors with low staff turnover.

Turkish Employment Agency

The Turkish Employment Agency (*Türkiye İş Kurumu*, İŞKUR) also plays an important role in improving the quality of the country's workforce. Among its activities, the agency organises training courses for disadvantaged groups such as ex-prisoners, individuals with disabilities, unemployed people, young persons and women. As part of its remit, the agency offers training to help ease the transition of public sector workers into the private sector following the privatisation of state-owned enterprises.

Training in informal sector

Training programmes for workers in the informal sector are limited and carried out by only a few organisations – such as the Small and Medium-sized Industry Development Organisation (*Küçük ve Orta Ölçekli Sanayi Geliştirme ve Destekleme İdaresi Başkanlığı*, KOSGEB) and the Turkish Confederation of Tradesman and Craftsmen (*Türkiye Esnaf ve Sanatkarları Konfederasyonu*, TESK).

Industrial relations in Turkey are currently governed by two laws enacted in 1983: namely, the Union Law (No. 2821) and the Law on Collective Bargaining Agreement, Strike and Lockout (No. 2822). The Union Law identifies 28 economic activities (*iş kolu*) in which employee and employer organisations are allowed to organise (see Annex 1). Turkey's Ministry of Labour and Social Security (*Çalışma ve Sosyal Güvenlik Bakanlığı*, CSGB) determines the type of economic activity that establishments belong to. If a trade union wishes to engage in collective bargaining with an employer or employer organisation, it has to represent at least 10% of the workforce in the domain of its economic activity and more than half of the workforce in the establishment (Law No. 2822 Article 12). It should be noted, however, that the 10% threshold is not required in one of the 28 economic activities: that is, 'agriculture, forestry, hunting and fishing.'

The number of workers corresponding to 10% of the workforce in each economic activity is determined using statistics of the CSGB (Law No. 2822 Article 12). The ministry publishes statistics on the number of unionised and non-unionised workers in each economic activity and their distribution across the trade unions biannually in January and July.

It should be noted that employees in Turkey's informal sector, which represents almost 50% of total employment, are not included in the formal processes of industrial relations. Informal employment in certain sectors has been particularly noteworthy. In agriculture, for example, more than 90% of employment is informal. In sectors such as construction, personal services, retail trade and transport, informal employment ranges between 40% and 60% of the workforce. One third of employment in manufacturing is also informal (OECD, 2006).

Industrial relations actors

Rules governing establishment

Trade unions and employer organisations can only be established on the basis of economic activities. Workers employed in establishments in the same branch of economic activity and employers operating in the same economic activity can found their respective organisations. These organisations can be established either locally or nationally, provided that they are organised in establishments operating in the same economic activity. More than one organisation can be established in the same economic activity (Law No. 2821 Article 3). As mentioned, the CSGB determines the type of economic activities that establishments belong to (Law No. 2821 Article 4).

A confederation can be established by the association of five or more trade unions or employer organisations belonging to different economic activities (Law No. 2821 Article 2). However, it is illegal for certain categories of civil servants to be a member of or to establish a trade union or employer organisation – such as military personnel or those working for the Ministry of National Defence (*Millî Eğitim Bakanlığı*), the General Command of the Gendarmerie and the Coast Guard Command (Law No. 2821 Article 21).

The employer is responsible for notifying the CSGB when it recruits a worker or terminates their employment contract for any reason (Law No. 2821 Article 62).

Trade unions

There are currently 92 employee trade unions in Turkey, which are either affiliated to one of the country's three trade union confederations or independent. The Confederation of Trade Unions of Turkey (*Türkiye İşçi Sendikaları Konfederasyonu*, Türk-İş) has 33 affiliated trade unions, representing 69.7% of unionised employees. The Confederation of Revolutionary Trade Unions (*Devrimci İşçi Sendikaları Konfederasyonu*, DİSK) has 19 affiliated trade unions, representing 13.5% of unionised workers, while the Confederation of Turkish Real Trade Unions (*Türkiye Hak İşçi*

Sendikalarî Konfederasyonu, Hak-İş) has seven affiliated trade unions, representing 12.8% of unionised employees (Table 11)¹⁶. The three trade union confederations are also affiliated to the International Trade Union Confederation (ITUC) and the European Trade Union Confederation (ETUC). The remainder of Turkey's unionised employees (4%) are organised in 33 independent unions that have no affiliation to any confederation.

Table 11: *Number of trade unions and union members in Turkey*

	Trade union confederations			Independent	Total
	Türk-İş	DİSK	Hak-İş		
Number of trade unions	33	19	7	33	92
Number of members	2,153,272	418,569	394,757	124,444	3,091,042

Source: CSGB, *Labour statistics*, July 2007

In January 2007, Turkey's unionisation rate stood at about 58%, according to CSGB statistics. The unionisation rate among male workers amounted to 60%, while it totalled 53% for female workers. Unionisation is largely predominant in three of the country's 28 areas of economic activity – namely, in the textiles, metal and food industries. In the private sector, over 70% of unionised female workers belong to these three economic activities, of whom 44% work in textiles, 14% in the food industry and 13% in the metal industry. More than half of unionised male workers also work in one of these three economic activities – or 23% in the metal industry, 19% in textiles and 10% in the food industry. Due to the uneven geographical distribution of production and services in Turkey, unionisation is mainly concentrated in a few provinces. Out of the country's 81 provinces, İstanbul in northwestern Turkey accounts for 32% of unionised workers, while a further 21% of unionised workers belong to the three provinces of İzmir in the west (8%), Bursa in the north (7%) and the capital city Ankara (6%)¹⁷.

Table 12: *Number of trade union members and unionisation rate, by gender and public/private sector*

	Men	Women	Total
Total number of workers	4,334,444	875,602	5,210,046
Number of unionised workers	2,580,400	463,332	3,043,732
Unionisation rate (%)	59.5%	52.9%	58.4%

Source: CSGB, *Labour statistics*, January 2007

¹⁶ Türk-İş, DİSK and Hak-İş were founded in 1952, 1967 and 1976, respectively. Their operations were interrupted by military coups in the early 1970s and early 1980s.

¹⁷ These figures are based on statistics provided by the CSGB in 2007.

It should be noted, however, that Turkey's unionisation rate is somewhat exaggerated for several reasons. Firstly, the level of total employment is considerably underestimated by CSGB statistics due to the substantial size of the informal sector. Based on official employment figures, the unionisation rate is estimated to be about 12% as opposed to 58.4% as reported by CSGB statistics. Moreover, if the number of unregistered employees (10,827,000) was added to the total number of registered workers (24,776,000), it is estimated that the unionisation rate would be even lower at just 8.5%.

Secondly, the numerator used in calculating the unionisation rate is misleading. The number of unionised workers is overestimated, on the one hand, due to provisions of the Union Law (Law No. 2821) – which states that temporary unemployment shall not affect the membership status of unionised workers (Article 24), and that the termination of trade union membership by workers will not take effect in the month following resignation (Article 25). The overestimation of the number of unionised workers is also related to the trade unions' attempt to overcome the required double-threshold to engage in collective bargaining with employers (representation of at least 10% of the workforce in the domain of its economic activity and over 50% of the workforce in the establishment). As a result, CSGB statistics frequently report higher figures for the number of unionised workers than the total number of workers reported, especially in the public sector. Although the exact extent of the overestimation regarding unionised workers is unknown, it is likely that the unionisation rate is even significantly lower than 12%.

Organisations representing civil servants

Civil servants did not have the right to organise under trade unions or employer organisations until mid 2001, when the Law on Civil Servants' Trade Unions (Law No. 4687) was passed. The law stipulates that trade unions or employer organisations can be established on the basis of service activity (*hizmet kolu*) and bans the establishment of such organisations on the basis of workplace or types of occupation. For employer organisations in the public sector, the condition that they be established by public employers in the same economic activity and operate in the same economic activity is not required (Law No. 2821 Article 3).

Membership is not open, however, to all categories of civil servants, and certain categories are banned from membership by law. Among those who are prohibited from joining such organisations are judges, members of the high court, military personnel, members of the police force, and civil servants and public employees working in the military and national defence ministry.

In each service activity, civil service trade unions with the highest number of members and the confederation to which it is affiliated have the right to represent employees in collective bargaining. The employer side is represented by the public employer board. Collective bargaining between the parties is held every year on 15 August. If an agreement is not reached between the parties, either party can refer the case to the country's mediation board. The latter is headed by the chair of a high arbitration board and includes four experts from the following fields: labour economics, labour law, administrative law and public finance. The mediation board makes its decisions reflecting the decision of the majority within five days and submits it to the Council of Ministers (Law No. 4688 Articles 30, 32, 34 and 35).

Civil servants are mainly represented by the 33 trade unions affiliated to one of Turkey's three trade union confederations (Table 13). Overall, some 98% of unionised civil servants are accounted for by these three confederations: 42% of civil servants are represented by the Turkish Confederation of Public Labour Unions (*Türkiye Kamu Çalışanları Sendikaları Konfederasyonu*, Türkiye Kamu-Sen), 30% by the Confederation of Public Workers' Unions (*Kamu Emekçileri Sendikaları Konfederasyonu*, KESK) and 26% by the Confederation of Civil Servants' Unions (*Memur Sendikaları Konfederasyonu*, Memur-Sen). Each of these three confederations has an affiliated trade union in all of the 11 service activities where civil servants are legally allowed to organise (see Annex 2 for list of service activities).

Table 13: *Number of trade unions and members in civil servant trade union confederations*

	Number of trade unions	Number of trade union members
Türkiye Kamu-Sen	11	327,329
KESK	11	234,336
Memur-Sen	11	203,851
Others*	28	13,883
Total	61	779,399

Note: * Others include the Confederation of Independent Public Servants Unions (BASK), the Confederation of Free Public Servants' Unions (Hürriyetçi Kamu-Sen), the Confederation of Anatolian Public Servants' Unions (Anadolu Kamu-Sen) and independent trade unions.

Source: CSGB, Labour statistics, 2006

Overall, the unionisation rate for civil servants in the 11 service activity areas amounts to 50% (Table 14). The unionisation rate among male and female civil servants totals about 57% and 38%, respectively. Although women make up around 37% of all civil servants, the proportion of unionised female civil servants as a percentage of total unionised civil servants amounts to only about 28%. The largest proportions of civil servants can be found in three of the 11 service activity areas: 'education, instruction and science' accounts for 46% of civil servants, while 'health and social services' accounts for 21% of such workers and 'office, banking and insurance' for 10% of all civil servants. Over 70% of unionised civil servants belong to these three service activities: 45% of whom work in 'education, instruction and science', 18% in 'health and social services', and 9% in 'office, banking and insurance'.

Table 14: *Rate of unionisation in civil service, by gender*

	Men	Women	Total
Number of civil servants	990,809	577,515	1,568,324
Number of unionised civil servants	560,353	218,660	779,399
Unionisation rate (%)	57%	38%	50%

Source: CSGB, Labour statistics, 2006

Employer organisations

On the employer side, there are a total of 52 employer organisations in Turkey. Some 21 of these organisations are members of the Turkish Confederation of Employer Associations (*Türkiye İşveren Sendikaları Konfederasyonu*, TİSK)¹⁸, while the remaining 31 are independent organisations. TİSK is the only employer confederation in Turkey and the sole national organisation representing Turkish employers in industrial relations.

¹⁸ It was originally founded on 15 October 1961 under the title of the Union of Istanbul Employer Association and renamed on 20 December 1962.

Collective bargaining developments

Among the activities that trade unions and employer organisations are involved in are engaging in collective bargaining and organising strikes and lockouts (Law No. 2821 Article 32).

Collective bargaining can cover one or more establishments involved in the same economic activity. If there is more than one establishment belonging to the same employer in the same economic activity, only one collective bargaining procedure is conducted. This is referred to as ‘enterprise-level’ collective bargaining (Law No. 2822 Article 3). A 50% threshold in terms of the number of workers covered in all establishments applies in the case of enterprise-level collective bargaining (Law No. 2822 Article 12). The Law on Collective Bargaining Agreement, Strike and Lockout (Law No. 2822) does not recognise ‘industry-level’ collective bargaining. The most common form of collective bargaining in Turkey is therefore enterprise-level collective bargaining.

In 2006, a total of 1,704 collective agreements were concluded in Turkey (Table 15). The public sector accounted for about two thirds of these agreements. The collective agreements were mainly concluded at enterprise level rather than establishment level, covering 78% of all workplaces and 67% of all workers, or a total of 304,392 workers. Some 61% of these workers were found in the private sector. Based on CSGB statistics on the total number of workers and unionised workers, only around 10% of unionised workers and 6% of all workers were covered by some form of collective bargaining in 2006.

Table 15: *Collective bargaining coverage, by level and sector, 2006*

	Type of workplace	Number of agreements	Number of workplaces covered	Number of workers covered
Public	Establishment	769	769	22,189
	Enterprise	364	2,540	95,188
	Total	1,133	3,309	117,377
Private	Establishment	434	434	78,056
	Enterprise	137	1,713	108,959
	Total	571	2,147	187,015
Total	Establishment	1,203	1,203	100,245
	Enterprise	501	4,253	204,147
	Total	1,704	5,456	304,392

Source: CSGB, *Labour statistics, 2006*

In Turkey, collective agreements are signed for a specified period of no less than one year and no more than three years (Law No. 2822 Article 7). A regular cycle has to be observed therefore in the country’s collective bargaining process, as collective bargaining is usually set for two years. The relatively low coverage rate in 2006 partly stems from this pattern of collective bargaining. Nevertheless, looking at figures for previous years, the collective bargaining coverage rate in terms of the number of agreements concluded in a given year has never been that high in Turkey, peaking at only about 29% in 2001 over a six-year period (Table 16).

Table 16: *Collective bargaining coverage, by number of agreements concluded, 2001–2006*

	Number of workers covered	Coverage rate (%) ^a	Coverage rate for all workers (%) ^b
2001	775,478	29.3%	17.0%
2002	255,059	9.4%	5.4%
2003	629,240	22.4%	13.0%
2004	325,386	11.2%	6.5%
2005	587,456	19.7%	11.5%
2006	304,392	10.0%	5.8%

Notes: Figures shown pertain to the number of collective agreements concluded in the given year. *a* = number of employees covered by collective bargaining as a proportion of employees with right to bargain (i.e. number of unionised members); *b* = number of employees covered by collective bargaining as a proportion of all employees.

Source: CSGB, Labour statistics, various years; TÜİK, Labour force statistics

While Table 16 shows the collective bargaining coverage rate based on the number of collective agreements concluded in a given year, Table 17 indicates the coverage rate based on the number collective agreements in force in the particular year. In 2002, 40.9% of employees with the right to bargain and 24% of all employees were covered by collective bargaining agreements in force. These two ratios increased gradually to 45.6% and 26.5%, respectively, in 2007.

Table 17: *Collective bargaining coverage, by number of agreements in force, 2002–2007*

	Number of workers covered	Coverage rate (%) ^a	Coverage rate for all workers (%) ^b
2002	1,097,166	40.9%	24.0%
2003	1,12,116	40.4%	23.3%
2004	1,164,327	40.8%	23.7%
2005	1,236,815	42.0%	24.6%
2006	1,349,657	45.0%	26.2%
2007	1,367,578	45.6%	26.5%

Note: Figures shown pertain to the number of collective agreements in force in the given year. *a* = number of employees covered by collective bargaining as a proportion of employees with right to bargain (i.e. number of unionised members); *b* = number of employees covered by collective bargaining as a proportion of all employees.

Source: CSGB, Labour statistics, various years

Official mediation

If the parties involved in collective bargaining fail to reach agreement after 60 days or if the bargaining ends in disagreement within this period, the competent authority will initiate a mediation process by firstly applying the rules regarding the appointment of an ‘official mediator’. The term of duty of the official mediator is 15 days, with a possible extension of a maximum of six additional working days (Law No. 2822 Articles 21, 22 and 23).

In 2006, about 55% of failed collective agreements were settled through official mediation, covering a total of 862 workplaces and 143,408 workers (Table 18).

Table 18: *Data on official mediation cases conducted in 2006*

	Number of mediation cases	Number of disputes covered	Number of workplaces covered	Number of workers covered
Settlement	179	457	862	143,408
Disagreement	329	377	964	101,611
Total	508	834	1,826	245,019

Source: CSGB, *Labour statistics, various years*

Official mediation has not, however, been as successful in settling disputes as it has been hoped. In the period 2001–2006, a considerably higher number of official mediation disputes have ended in disagreement (Table 19), with the ratio of disputes that have not been settled through official mediation to the total number of collective agreements concluded ranging between 30% and 90%. Over the same period, the total number of disputes brought to the official mediator amounted to between 50% and 100% of the total collective agreements concluded.

Table 19: *Number of mediation cases settled and those ending in disagreement, 2001–2006*

	Number of disputes settled	Number of disputes ending in disagreement	Number of disputes ending in disagreement
2001	186,046 (0.24)	212,650 (0.27)	398,696 (0.51)
2002	22,875 (0.09)	223,434 (0.88)	246,309 (0.97)
2003	57,998 (0.09)	326,833 (0.52)	384,831 (0.61)
2004	32,516 (0.10)	234,816 (0.72)	267,332 (0.82)
2005	106,421 (0.18)	183,593 (0.31)	290,014 (0.49)
2006	143,408 (0.47)	101,611 (0.33)	245,019 (0.80)

Note: Numbers in parentheses refer to the ratio of the previous figure shown to the total number of collective agreements concluded.
Source: CSGB, *Labour statistics, various years*

Strikes and lockouts

If mediation proceedings fail to resolve a collective bargaining dispute, trade unions may resort to strike action. Employers or employer organisations can also order a ‘lockout’ after the decision to strike is communicated to them. Even if a strike decision is taken to cover certain establishments, the decision to order a lockout can cover other establishments affected by the dispute (Law No. 2822 Article 27). However, it should be noted that strikes and lockouts are prohibited by law in certain areas of economic activity and establishments, including the following: the production of coal for water, electricity, gas and coal power plants; the exploration, production, refining and distribution of natural gas and petroleum; petrochemical works; banking; fire fighting; and land, sea, railway urban public transport and other public transport by rail. Among the establishments where strikes and lockouts are prohibited are health institutions, or any establishments involved in the preparation of vaccines or serum, along with educational and training institutions, or any establishment run directly by the Ministry of National Defence, the General Command of Gendarmeries or the Coast Guard Command.

In 2006, a total of 212 strike decisions were made (Table 20). However, only 26 of these strikes actually went ahead, with 52% of the workers affected taking part in the strike. A similar situation was reported in 2005 when only 34 strikes out of an overall 242 strike decisions went ahead in the end, with a participation rate of 58% among the workers affected.

Table 20: *Details of strike activity in public/private sectors, 2005–2006*

	Sector	Number of strike decisions	Number of strikes averted	Number of actual strikes	Number of workers affected	Number of workers who took part in strikes	Participation rate (%)	Number of workdays lost due to strikes
2005	Public	35	34	1	579	437	75%	874
	Private	207	174	33	5,484	3,092	56%	175,950
	Total	242	208	34	6,063	3,529	58%	176,824
2006	Public	41	37	4	1,191	948	80%	2,394
	Private	171	149	22	2,784	1,113	40%	163,272
	Total	212	186	26	3,975	2,061	53%	165,666

Source: CSGB, *Labour statistics, 2006*

The number of workers who took part in strikes in 2006 amounted to only 2% of workers covered by official mediation disputes that ended in disagreement in the same year (Table 21). This pattern of workers' minimal involvement in strikes continues to be evident over the six-year period 2001–2006. However, the main reason behind this was that the majority of decisions to strike were abandoned before they were put into practice. Moreover, the Council of Ministers can issue an order to suspend any lawful strikes (or lockouts) for 60 days if it believes that such action might pose a threat to public health or the country's national defence (Law No. 2822 Article 33).

Table 21: *Number and proportion of workers who took part in strike activity, 2001–2006*

	Number of workers who took part in strikes	Percentage of workers who took part in strikes*
2001	9,911	4.7%
2002	4,618	2.1%
2003	1,535	0.5%
2004	3,557	1.5%
2005	3,529	1.9%
2006	2,061	2.0%

* Number of workers involved in strikes as a percentage of workers covered by official mediation disputes that ended in disagreement.

Source: CSGB, *Labour statistics, various years*

Lockouts have played only a minor role in Turkey's industrial relations. In 2006, some 54 lockout decisions were taken and only one of them, affecting 66 workers, was put into practice (Table 22). In 2005, one out of 80 lockout decisions went ahead, affecting 118 workers.

Table 22: *Details of lockouts in public/private sectors, 2005–2006*

	Sector	Number of lockout decisions	Number of lockouts averted	Number of actual lockouts	Number of workers involved in lockouts	Number of days lost due to lockouts
2005	Public	2	2	-	-	-
	Private	78	77	1	118	590
	Total	80	79	1	118	590
2006	Public	-	-	-	-	-
	Private	54	53	1	66	3,894
	Total	54	53	1	66	3,894

Source: CSGB, *Labour statistics, 2006*

High Court of Arbitration

The CSGB can apply to Turkey's High Court of Arbitration once the period for resolving the dispute expires. In disputes concerning establishments or economic activities where strikes and lockouts are prohibited, parties can also apply to High Court of Arbitration to resolve such disagreements (Law No. 2822 Article 52). The court consists of a president, namely the president of the Court of Appeal's labour division, and seven members. Its members consist of the following: a member appointed by the Council of Ministers, a lecturer in economics or labour law selected by the Council of Higher Education, the director-general of labour of the CSGB, two members elected by the trade union confederation with the largest number of members, and two members appointed by the employer confederation with the highest number of members, one of whom is selected from among public employers (Law No. 2822 Article 53).

It is also possible for the parties concerned to resort to private arbitration at any stage in a collective dispute involving rights or interests. In addition, the High Court of Arbitration can be selected as a private arbitrator at the request of the parties involved in the dispute (Law No. 2822 Article 58).

In 2006, a total of 136 collective agreements were concluded through the High Court of Arbitration, covering some 18,473 workers, 83% of whom worked in the public sector (Table 23). The highest proportion of workers affected by such disputes concerned those working in economic activities and/or sectors where strikes and lockouts were prohibited. In its capacity as private arbitrator, the High Court of Arbitration also concluded 65 collective agreements for 35% of the overall number of workers affected by such disputes.

Table 23: *Details of collective agreements concluded by the High Court of Arbitration, 2006*

	Sector	Number of collective agreements concluded	Number of workplaces covered by agreements	Number of workers covered by agreements
Prohibition of strike and lockout (2822/32)	Public	46	196	7,415
	Private	7	9	948
	Total	53	205	8,363
Rejection of strike in strike ballot (2822/36)	Public	9	24	1,605
	Private	9	10	2,034
	Total	18	34	3,639
Private arbitrator (2822/58)	Public	64	146	6,342
	Private	1	3	129
	Total	65	149	6,471
Suspension of strike and lockout (2822/34)	Public	-	-	-
	Private	-	-	-
	Total	-	-	-
Total	Public	119	366	15,362
	Private	17	22	3,111
	Total	136	388	18,473

Source: CSGB, *Labour statistics, 2006*

In 2006, the number of workers covered by collective agreements concluded by the High Court of Arbitration amounted to just 18% of the total number workers affected by agreements that failed to be resolved by the official mediation process (Table 24). This ratio was even significantly lower during the period 2002–2005, ranging between 5% and 11%.

Table 24: *Collective agreements concluded and workers covered by the High Court of Arbitration, 2001–2006*

	Number of collective agreements concluded	Number of workers covered by agreements	Percentage of total workers*
2001	166	43,090	20.3%
2002	134	23,375	10.5%
2003	107	17,449	5.3%
2004	133	15,508	6.6%
2005	126	17,519	9.5%
2006	136	18,473	18.2%

* Number of workers covered by collective agreements concluded by the High Court of Arbitration as a percentage of workers covered by official mediation disputes that ended in disagreement.

Source: CSGB, *Labour statistics, 2006*

Wages

Turkey's labour law (Law No. 4857 Article 39) regulates the minimum wages of all workers with an employment contract. Minimum wages are set every two years by the tripartite Minimum Wage Determination Commission (MWDC), although during the high inflation years, more frequent biannual adjustments were made. The MWDC is composed of five representatives from both the employee and employers' side and headed by one of the members

nominated by the CSGB¹⁹. At least 10 MWDC members must be present during meetings, and the commission makes decisions based on the majority of votes, although the president has a determining vote if there is an equal number of conflicting votes. The government appears to have a key role in determining the minimum wage. Since the minimum wage is mainly set to regulate the economic and social conditions of workers, the commission is expected to take into consideration factors affecting workers' well-being – such as the cost of living, quality of life and work, and average wages in the economy. The minimum wage is by no means the indicator of the wage floor for the whole economy; rather, it sets the limit for workers covered by social security.

In 2007, Turkey's monthly minimum wage rose by 9.4% to €321 for workers aged 16 years and older, which was a considerable increase compared with the previous year when the minimum wage rose by only 0.8% to €294 (Table 25). Workers younger than 16 years of age receive only 85% of the regular minimum wage.

Table 25: *Minimum wage amount and percentage change, by age group, 2001–2007*

	Workers aged 16+ years		Workers aged under 16 years	
	Monthly minimum wage (gross in €)	Growth rate (%)	Monthly minimum wage (gross in €)	Growth rate (%)
2001	138.4	-30.2%	117.3	-30.6%
2002	164.5	18.9%	139.9	19.3%
2003	180.7	9.8%	151.5	8.3%
2004	244.1	35.1%	207.7	37.2%
2005	291.3	19.3%	247.9	19.3%
2006	293.6	0.8%	248.8	0.4%
2007	321.1	9.4%	270.9	8.9%

Note: *Figures show yearly averages.*

Source: CSGB, *Labour statistics, various years*

While only 10% of workers in public enterprises receive the minimum wage equivalent, 70% of people working in the private sector receive wages close to the minimum wage (less than 1.05 times the minimum wage). As only a small proportion of workers are covered by collective agreements, the wages of private sector workers who receive more than the minimum wage and of unregistered workers in the informal sector are more competitively set.

Five different categories of workers are defined with regard to wage setting mechanisms in Turkey: namely, civil servants, employees of state-owned enterprises, employees covered by collective agreements in the private sector, formal private sector employees not covered by collective agreements, and informal sector employees. Substantial wage

¹⁹ The MWDC representatives comprise the following: the Director-General of the CSGB or their assistant, the Director-General for Occupational Health and Safety or their assistant, the Head of the Department of Economic Statistics of the State Statistics Institute or their assistant, a representative of the Undersecretariat for Treasury, the Head of the related department of the Undersecretariat for State Planning Organisation or an official to be authorised by them; in addition, five employee representatives and five employer representatives from different economic activities are elected by the representative trade union and employer organisation.

differentials are evident between these five categories, mainly due to the prevailing wage setting mechanism in each category. In two of the five categories – namely, employees of state-owned enterprises (who make up about 10% of manufacturing employment), where the government plays a key role in wage setting, and private sector employees covered by collective agreements (who account for around 20% of employees in private manufacturing) – wages are considerably higher compared with the other three categories.

The wages of civil servants are set by the government. As previously outlined, civil servants were only granted the right to organise in trade unions in 2001. Furthermore, due to legal restrictions, only 65% of all civil servants have the right to join a trade union, and only half of eligible civil servants are actually members of a public sector trade union. Collective bargaining is limited to wage-related issues and strikes are not allowed. Although the employment conditions of public sector employees are regulated by Law No. 657, different regulations exist for Turkey's armed forces, judges and attorneys, and academic personnel. Some public organisations supplement the salaries of their employees with additional revenue generated from non-budgetary sources, such as revolving funds, while others hire additional employees through special contracts.

Table 26: *Index of real monthly wages per production worker, by public/private sector, 2001–2007 (€)*

	Public sector	Private sector	Total
2000	140.5	103.7	110.2
2001	124.6	88.3	94.6
2002	123.3	83.0	87.8
2003	116.4	79.1	82.3
2004	120.1	82.5	83.4
2005	127.4	84.1	84.9
2006	125.5	85.7	85.7
2007*	125.7	89.0	88.7

Note: Figures are for third quarter of 2007.

Source: Undersecretariat of Treasury (Hazine Müsteşarlığı), Economic indicators

Labour law developments

In order to address the issues relating to the public sector – including inconsistencies in the payment structure of civil servants and their low income level – the government has undertaken a series of legislative measures. For this purpose, a framework law on 'Basis principles and restructuring of public administration' (Law No. 5257) was enacted in 2004; this was followed by organisation specific laws.

Turkey's new labour law was enacted in 2003 and several regulations have since been issued regarding its implementation. The regulations affecting the country's wage setting mechanisms have addressed issues such as working time, overtime work, shift work, and the employment of children and young workers.

Efforts to eliminate child labour in Turkey have continued in recent years, and research on child labour has pointed to a decrease in the number of working children – more specifically, from 10.3% in 1999 to 5.9% in 2006. A national strategy for combating child poverty has also been developed by the CSGB, although child labour continues to be widespread, particularly in certain fields such as seasonal agricultural work (European Commission, 2007)

The European Commission (2007) has criticised Turkey for its poor progress regarding workers' rights and trade unions. The Commission states that (p. 20):

Turkey fails to fully implement the International Labour Organization (ILO) Convention, in particular, as regards the right to organise, the right to strike and the right to bargain collectively. Turkey still maintains its reservation on Article 5 (right to organise) and Article 6 (right to bargain collectively) of the revised European Social Charter.

In May 2008, Turkey adopted Law No. 5763 'on making changes to the labour law and some other laws'. This law introduces some important regulations. For instance, companies creating jobs for workers aged 18–29 years and for women are either exempted from social security contributions or granted a discount on such contributions. The government will use the unemployment insurance fund for five years to finance the social security contributions of these people. For the first year, 100% of the employer's share of the social security contribution for people in this category will be paid by the government. For the second, third, fourth and fifth years, the government will pay 80%, 60%, 40% and 20% of this amount, respectively.

Employment distribution

The findings on the sectoral distribution of employment in Turkey between 1995 and 2007 give an insight into how employment has developed and changed over this period (Table 27). For example, agriculture's share of total employment declined gradually from 44% in 1995 to 27% in 2007. In contrast, the service sector's share of total employment increased steadily from 34% in 1995 to about 48% in 2007. Over the same period, industry increased its share of total employment by about four percentage points, up to nearly 20% in 2007, while the construction sector's share of total employment remained the same at around 6%.

The data clearly show that the Turkish economy has become increasingly service based over the period 1995–2007. In Table 27, four subsectors of services are shown. Among these, the most dramatic change is evident in wholesale and retail trade, hotels and restaurants. This sector alone grew by eight percentage points over the same period – from about 13% in 1995 to 21% in 2007.

Table 27: *Proportion of total employment, by sector, 1995–2007 (%)*

Sector/subsector	1995	2000	2005	2007
Agriculture	44.1	36.0	29.5	26.9
Industry	16.0	17.7	19.4	19.5
Mining and quarrying	0.7	0.4	0.5	0.6
Manufacturing	14.7	16.9	18.5	18.4
Electricity, gas and water	0.6	0.4	0.4	0.5
Construction	6.0	6.3	5.3	5.8
Services	33.9	40.0	45.8	47.7
Wholesale and retail trade, hotels and restaurants	13.2	17.7	20.7	21.1
Transport, communications and storage	4.3	4.9	5.1	5.3
Finance, insurance, real estate and business services	2.3	3.3	4.0	4.7
Community, social and personal services	14.1	14.1	16.0	16.6
Total	100.0	100.0	100.0	100.0

Source: TÜİK, *Labour force statistics*

Data on the growth rates in employment for each sector are shown for three periods in Table 28. The figures show that total employment grew by 4.8% between 1995 and 2000, by 2.2% between 2000 and 2005, and by 3.4% between 2005 and 2007. Despite the fact that agricultural employment has fallen dramatically in each of these three periods, the positive growth rates in employment have been made possible by the strong employment growth primarily in services, followed by industry.

Table 28: *Percentage increase or decrease in sectoral employment, 1995–2007*

Sector/subsector	1995–2000	2000–2005	2005–2007
Agriculture	-14.4	-16.4	-5.4
Industry	15.7	12.4	4.0
Mining and quarrying	-46.8	46.3	19.3
Manufacturing	20.2	12.3	2.9
Electricity, gas and water	-20.2	-12.1	33.3
Construction	10.2	-14.0	13.0
Services	23.9	16.9	7.8
Wholesale and retail trade, hotels and restaurants	40.5	19.5	5.4
Transport, communications and storage	21.6	6.1	6.7
Finance, insurance, real estate and business services	47.1	23.6	22.4
Community, social and personal services	5.1	15.9	7.6
Total	4.8	2.2	3.4

Source: TÜİK, *Labour force statistics*

The informal sector, however, continues to play a significant role in Turkey's economy. For example, unregistered employment accounted for almost 47% of total employment in 2007, only down from 53% in 2001 (Table 29).

Table 29: *Labour force participation, employment/unemployment and unregistered employment rate, 2001–2007 (%)*

	Labour force participation rate ^a	Employment rate ^b	Unemployment rate ^c	Unregistered employment rate ^d
2001	49.8	45.6	8.4	52.9
2002	49.6	44.4	10.3	52.1
2003	48.3	43.2	10.5	51.7
2004	48.7	43.7	10.3	53.0
2005	48.3	43.4	10.3	50.1
2006	48.0	43.2	9.9	48.5
2007	47.8	43.1	9.9	46.9

Notes: *a* = labour force supply as a proportion of total population (aged 15 years or older); *b* = number of employed people as a proportion of total population (aged 15 years or older); *c* = number of unemployed people as a proportion of labour force supply; *d* = number of unregistered workers as a proportion of total employment.

Source: Undersecretariat of Treasury, *Economic indicators*

In Turkey, some 99% of all enterprises and 80% of total employment are accounted for by small and medium-sized enterprises (SMEs) – defined as enterprises with fewer than 250 employees²⁰. Moreover, informal employment is reported to be particularly widespread among SMEs. According to the European Commission (2007): 'SMEs have insufficient access to finance and are often operating in grey economy.' As an OECD study on SMEs in Turkey (OECD, 2004) outlines, because of the size of Turkey's informal sector²¹, the relative importance of SMEs in the Turkish

²⁰ According to the European Commission (2006): 'Turkey has a SME strategy in line with the European Charter for Small Enterprises. A common SME definition for all Turkish institutions was introduced. It is in line with the *acquis*, except for lower limits on turnover and asset size.'

²¹ 'According to certain estimates, the informal economy could represent about 50% of the activity of SMEs' (OECD, 2004).

economy is probably underestimated and their typical size relative to that in the majority of OECD countries is probably overestimated.

Managing restructuring

The wave of privatisation that has occurred in Turkey, particularly in recent years, has led to problems arising from restructuring in related sectors.

Turkey's employment agency, İŞKUR, was established on 25 June 2003 with the aim of protecting, improving and expanding employment in Turkey, at the same time helping to combat unemployment and manage unemployment insurance services. İŞKUR is responsible for collecting labour market information, conducting analyses on the workforce to determine the demand for and supply of labour, carrying out job and occupation analyses, providing job and career counselling services, as well as arranging training seminars for both unemployed and employed people through vocational training centres.

İŞKUR also helps individuals to secure jobs and employers to find workers. In order to find a job, a job seeker applies directly to İŞKUR through its provincial offices. In 2007, some 662,398 applications were made by job seekers to the employment office (Table 30). Unemployed individuals – referred to as A-type job seekers in Table 30 – accounted for 571,331 of the total job applications. The remaining 91,067 applications were made by people with a disability, ex-prisoners, retirees, individuals adversely affected by terror, those seeking a better job and persons looking for a job in a particular business – referred to as B-type job seekers in Table 30. 'Open job positions' refer to vacancies reported by employers to the employment office. In 2007, some 183,290 vacancies were reported by employers to İŞKUR, 81,265 of which were in private sector and 13,387 of which were in the public sector. The job placement figures refer to individuals who were placed in jobs by the employment office and cover all vacancies filled by the employment office in accordance with employers' needs, in addition to vacancies filled due to special quota required by law for the employment of people with a disability, ex-prisoners and individuals adversely affected by terror. In 2007, a total of 94,652 job placements took place, of which 81,265 were in the private sector and 13,387 in the public sector.

Table 30: *Number of job applications, seekers and placements, 2001–2007*

		2001	2002	2003	2004	2005	2006	2007
Job applications		327,417	324,760	557,092	646,182	516,703	564,388	662,398
A-type job seekers		271,746	278,510	459,227	530,434	440,057	476,375	571,331
B-type job seekers		55,671	46,250	97,865	115,748	76,646	88,013	91,067
Open job positions	Public	144,692	102,211	43,955	48,904	34,655	32,747	16,456
	Private	82,207	37,064	85,303	60,774	79,172	119,047	166,834
	Total	226,899	139,275	129,258	109,678	113,827	151,794	183,290
Job placements	Public	143,890	100,589	39,459	42,753	32,753	24,179	13,387
	Private	70,108	24,482	25,939	33,504	48,932	61,703	81,265
	Total	214,998	125,071	65,398	76,257	81,685	85,882	94,652

Note: See preceding paragraph for an explanation of terms used in table.
Source: İŞKUR, *Monthly statistical bulletins, various issues*

Job entries and job exits

Law No. 2821 Article 62 requires that employers should notify the CSGB each month if they have recruited any workers and/or terminated their employment contract. Based on these data, it is possible to obtain a breakdown of the number of 'job entries' and 'job exits' for the different types of economic activity in Turkey. Nevertheless, these figures may suffer from poor reporting and other factors. For example, workers need to work continuously over a certain period in order to be transferred to the category of permanent worker and benefit fully from social security. However, in order to avoid paying social security contributions or to prevent workers from transferring to the permanent worker category, employers may fire and rehire their workers. Companies may also act as if they are using external contractors for the same purposes, even though in reality these so-called external contractors may actually belong to the company that uses them. Numerous examples of both of these practices have been cited based on anecdotal evidence.

Between 2004 and 2007, the proportions of job exits and job entries have been particularly concentrated in certain areas of economic activity. In 2007, for instance, eight areas of economic activity accounted for about 85% of all job entries and job exits (Table 31). These eight areas also account for 70% of the total workforce in all economic activities. Approximately 45% of job entries and job exits are concentrated in only two sectors – the construction sector accounts for about 25% of this proportion, while the remaining 20% pertains to 'commerce, office, education and fine arts'. These two sectors, nevertheless, only account for 23% of Turkey's total workforce.

Table 31: *Proportion of job entries and job exits, by economic activity, 2004–2007*

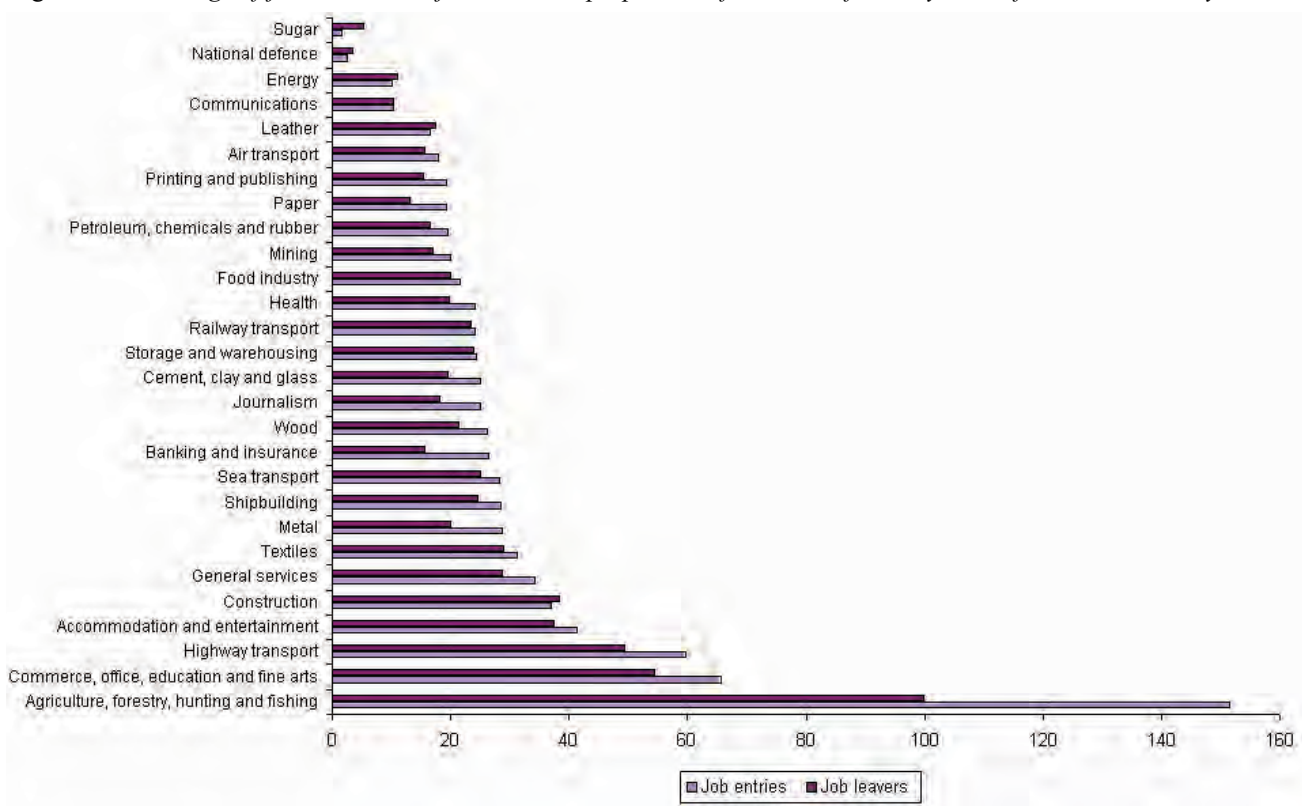
Sector code*	Economic activity	% of job entries				% of job exits			
		2004	2005	2006	2007	2004	2005	2006	2007
4	Food industry	4.2	3.9	3.5	3.3	4.6	4.1	3.6	3.2
6	Textiles	10.5	9.6	7.6	6.9	11.4	10.7	8.4	6.9
13	Metal	10.2	8.9	8.6	8.4	8.4	8.3	7.8	7.7
15	Construction	15.1	19.4	23.6	26.4	18.4	19.6	24.9	28.5
17	Commerce, office, education and fine arts	16.4	18.8	19.2	19.3	16.0	17.0	17.7	18.5
18	Highway transport	4.0	5.6	4.8	4.7	3.9	5.0	5.0	4.5
25	Accommodation and entertainment	7.0	8.5	6.8	6.7	7.4	8.6	7.3	6.9
28	General services	8.1	9.1	9.8	8.7	8.0	9.6	9.9	9.1
	Others	24.5	16.2	16.1	15.6	21.9	17.1	15.4	14.7
	Total	100	100	100	100	100	100	100	100

* Codes refer to the sector classification in Annex 1.

Source: CSGB, Labour statistics, various years

Figures 1–4 show the data for the proportion of job entries and job exits as a percentage of the total workers in each area of economic activity, showing the different industries in order from those with the lowest to the highest job entry and job exit statistics.

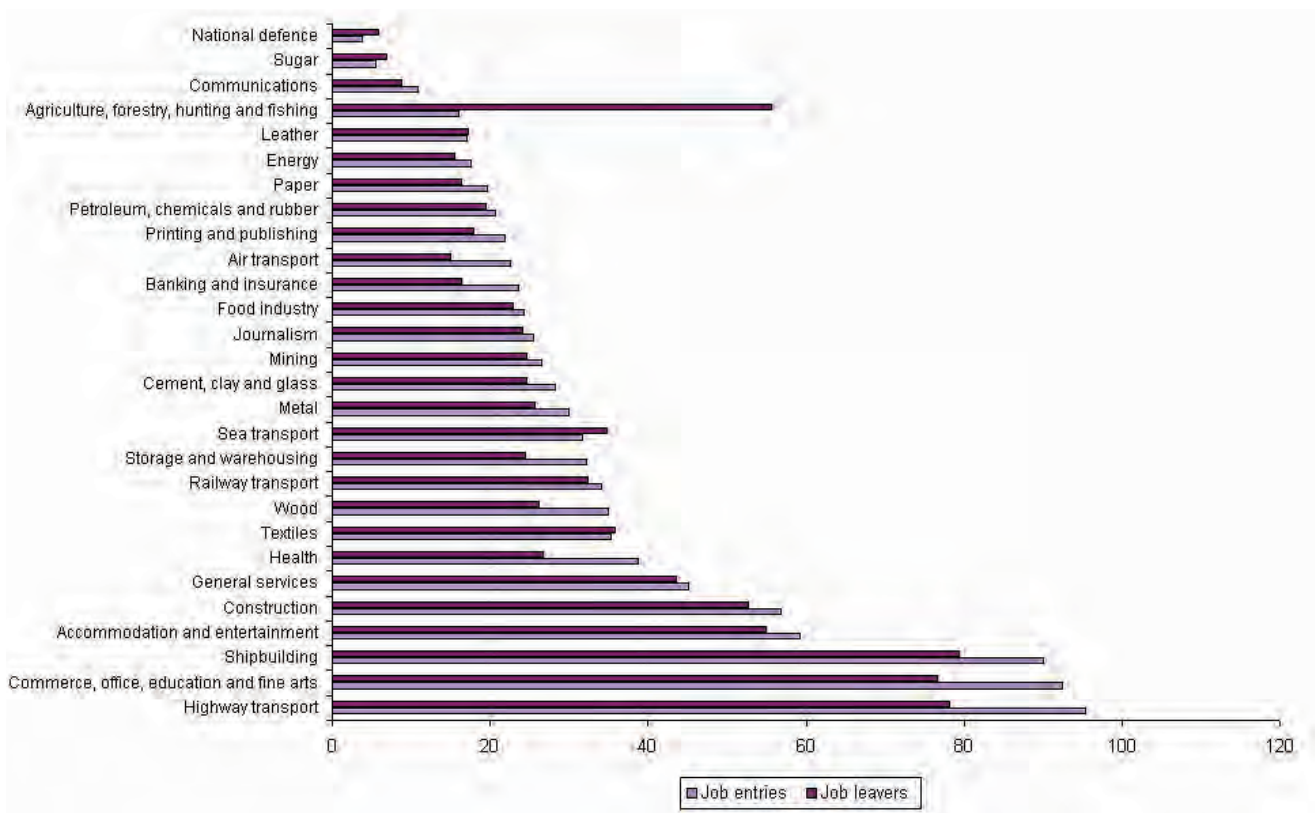
Figure 1: *Percentage of job entries and job exits as a proportion of total workforce, by area of economic activity, 2004*



Source: CSGB, labour statistics, 2004

The figures clearly indicate a correlation between a high or low proportion of job entries and a high or low proportion of job exits in the various sectors. In each year, from 2004 to 2007, five areas of economic activity consistently ranked among the top seven industries with high job entry and job exit rates: namely, commerce, office, education and fine arts; highway transport; construction; general services; and accommodation and entertainment. Together, these five areas of economic activity account for 40% of the total workforce in all economic activities. Shipbuilding and health also have relatively high job entry and job exit rates, although they account for only 2% of total workers. These seven areas of economic activity are followed by three sectors – textiles, wood and metal – with respect to their job entry and job exit rates; some 25% of workers in all sectors are accounted for by these three sectors.

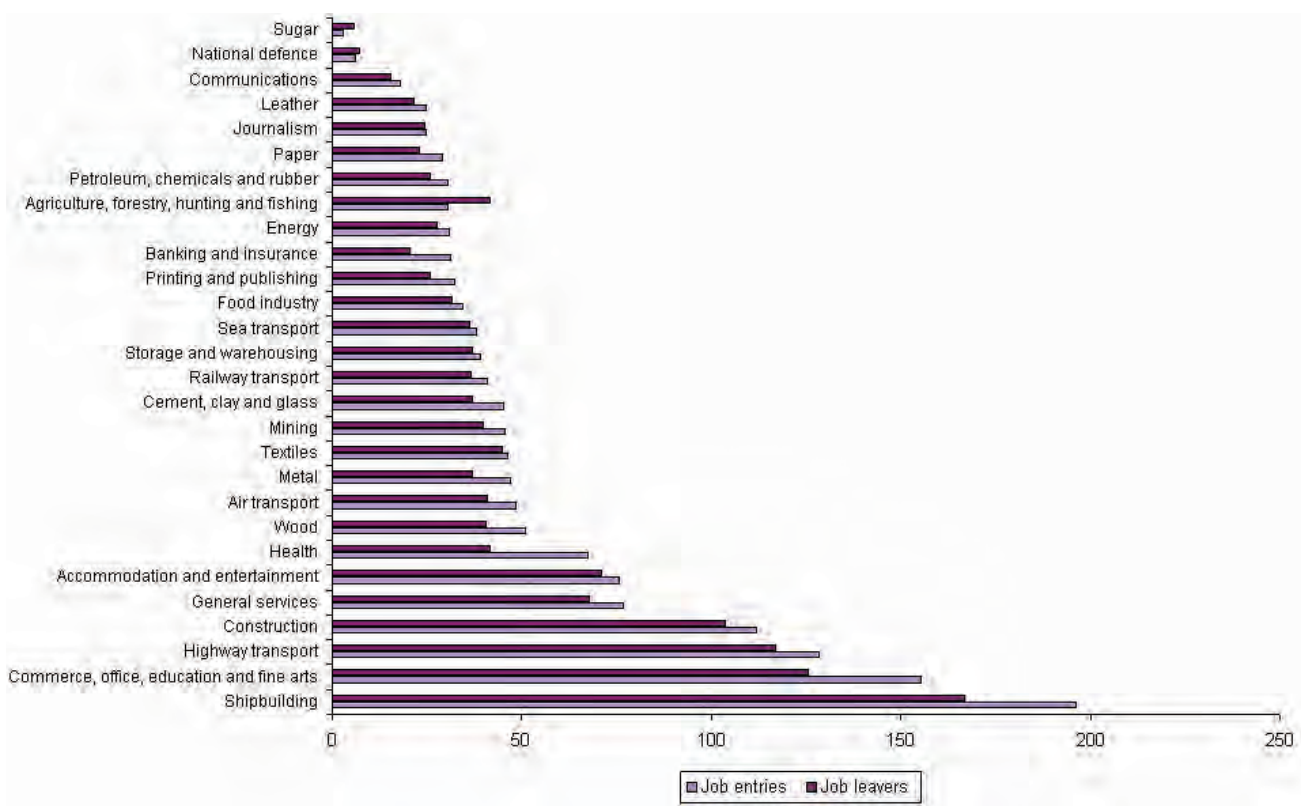
Figure 2: *Percentage of job entries and job exits as a proportion of total workforce, by area of economic activity, 2005*



Source: CSGB, labour statistics, 2005

The four areas of economic activity – sugar, national defence, communications and leather – consistently ranked among those with the lowest job entry and job exit rates. Together, these four areas account for only 4% of the country's total workforce.

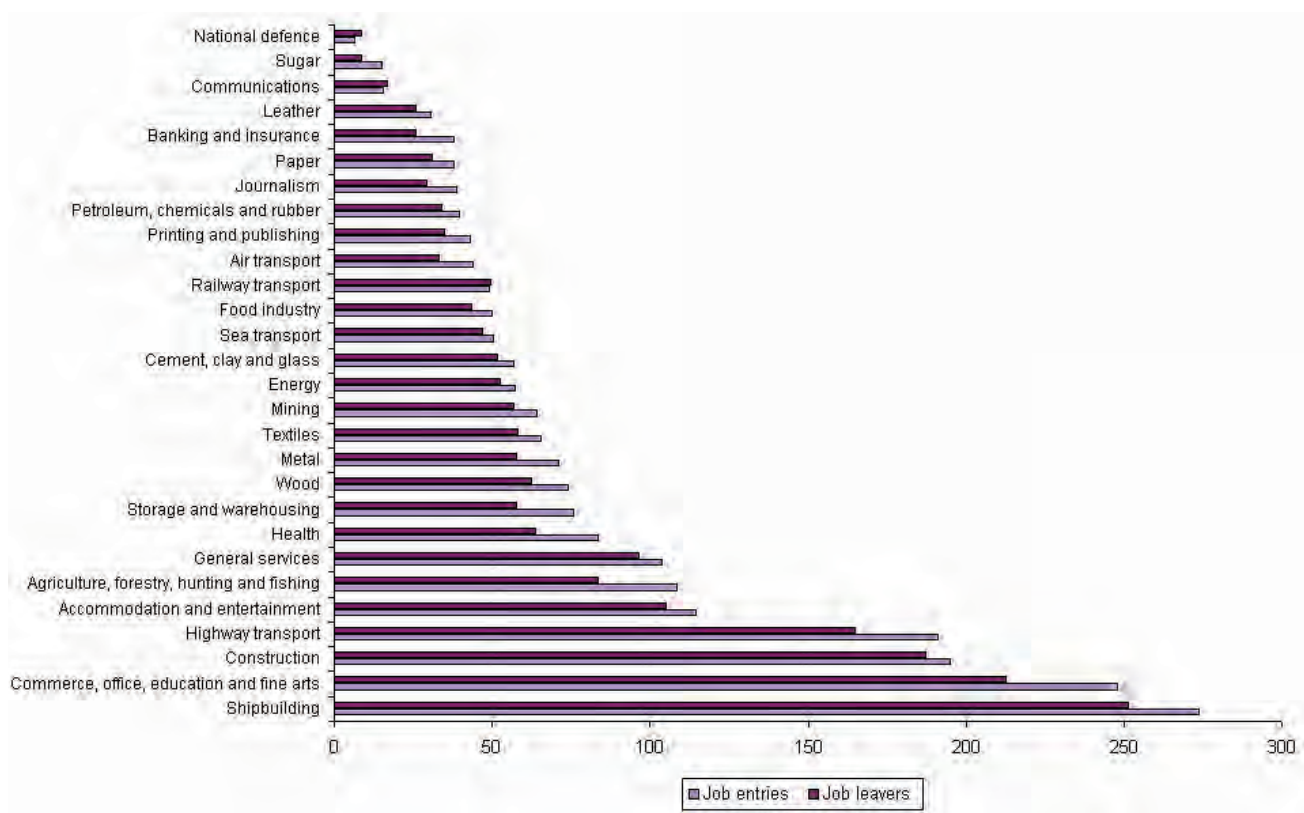
Figure 3: *Percentage of job entries and job exits as a proportion of total workforce, by area of economic activity, 2006*



Source: CSGB, labour statistics, 2006

In general, therefore, the data presented Figures 1–4 clearly indicate that the industries employing the majority of workers in all sectors have extremely high job entry and job exit rates.

Figure 4: Percentage of job entries and job exits as a proportion of total workforce, by area of economic activity, 2007



Source: CSGB, labour statistics, 2007

Table 32 provides data on the main reasons why people left their jobs in 2006 and 2007. Voluntary departure accounted for nearly 40% of people who left their jobs, while ‘other reasons’ accounted for a further 40% of all job exits. The cessation of temporary or seasonal work accounted for about 16% of all job exits, while the remaining 4% was attributed to dismissals.

The percentage of job exits as a proportion of the total workforce increased from about 60% in 2006 to around 94% in 2007. This increase was mainly due to the rise in the proportion of voluntary departures and job exits due to other reasons.

Table 32: Number and % of job exits, by main reason for leaving job, 2006–2007

Reasons for leaving job	Sector	2006			2007		
		Number of job exits	% of total job exits	% of total workers	Number of job exits	% of total job exits	% of total workers
Dismissals (1, 2, 8, 13, 19) ^a	Public	44,423	1.4	6.9	37,528	0.7	6.9
	Private	147,571	4.7	3.2	195,047	3.9	4.1
	Total	191,994	6.2	3.7	232,575	4.6	4.3
Voluntary departure (16)	Public	147,900	4.8	22.9	209,337	4.2	38.2
	Private	1,023,384	32.9	22.4	1,818,214	36.3	37.9
	Total	1,171,284	37.7	22.5	2,027,551	40.5	37.9
Cessation of temporary or seasonal work (17, 20, 21, 22, 23) ^b	Public	132,911	4.3	20.6	168,850	3.4	30.8
	Private	369,621	11.9	8.1	612,534	12.2	12.8
	Total	502,532	16.2	9.6	781,384	15.6	14.6
Other reasons (3, 4, 5, 6, 7, 9, 10, 11, 12, 14, 15, 18, 24, 25)	Public	266,159	8.6	41.2	366,342	7.3	66.9
	Private	976,048	31.4	21.4	1,603,330	32.0	33.4
	Total	1,242,207	40.0	23.8	1,969,672	39.3	36.8
Total	Public	591,393	19.0	91.4	782,057	15.6	142.9
	Private	2,516,624	81.0	55.1	4,229,125	84.4	88.1
	Total	3,108,017	100.00	59.7	5,011,182	100.00	93.7

Notes: Numbers in parentheses refer to the detailed reasons for job leaving provided in Annex 3 of report. a = dismissals covers workers who demand and have the will to work but lose their jobs on grounds not related to their own failure; b = voluntary departure covers temporary, trial workers and departures from workplaces where work is organised on the basis of climatic conditions, such as seasonal work and harvesting.

Source: CSGB, Labour statistics, various years

Restructuring cases and privatisation

The number of employees in state-owned enterprises – most of whom operate in sectors such as manufacturing, mining and energy, agriculture and financial services – has dramatically declined since the mid 1980s when the privatisation process began in Turkey (Table 33). Between 1985 and 2007, about 430,050 employees in state-owned enterprises lost their jobs, which was equivalent to a decline of 65%. The most dramatic decrease in the number of employees in state-owned enterprises took place between 2000 and 2005, when employment fell by 43%, or 187,393 employees.

Table 33: *Number of employees and % change in state-owned enterprises, by occupation, 1985–2007*

	1990	1995	2000	2005	2007
Civil servants	27,074	13,085	10,329	7,012	7,013
Contracted employees	185,083	165,074	141,801	86,870	84,356
Workers (unionised)	349,053	231,812	182,793	119,900	114,115
Workers (non-unionised)	8,810	6,782	16,891	4,033	3,393
Temporary workers	73,038	79,599	82,841	29,447	14,139
Total	643,058	496,352	434,655	247,262	223,016
% change in total number of employees in state-owned enterprises					
1985–1990	1990–1995	1995–2000	2000–2005	2005–2007	1985–2007
-1.5%	-22.8%	-12.4%	-43.1%	-9.8%	-65.9%

Source: *Undersecretariat of Treasury, Statistics on state-owned enterprises*

Nonetheless, privatisation only partly explains the decline in employment in state-owned enterprises. In companies privatised during the period 1985–2002 (for which data are available), the number of workers before privatisation stood at about 45,000 workers (Table 34). However, employment in state-owned enterprises fell from 653,066 workers in 1985 to 384,104 workers in 2002, a decline of 268,962 workers (based on Undersecretariat of Treasury statistics on state-owned enterprises). Therefore, these figures indicate that privatisation only accounts for about one sixth of the decline in employment in state-owned enterprises.

The main bulk of job losses in state-owned enterprises can be attributed to the fact that in order to increase the efficiency of such enterprises and to make them more attractive to buyers during privatisation, they were substantially downsized. This downsizing process has been realised through various channels: retirement, early retirement, compensation, the transfer of employees to other government organisations, the dismissal of workers with no contract or security, and a freeze on hiring new employees.

Employment in privatised companies has also fallen considerably. Prior to privatisation, companies privatised during the period 1985–2002 employed 45,070 workers; however, after privatisation, these companies only employed some 28,093 workers – representing a decline of 38% (Table 34).

Table 34: *Employment levels before and after privatisation, by economic*

Economic activity	Number of privatised enterprises	Number of employees before privatisation ^a	Number of employees after privatisation ^a	% change
Iron and steel	4	14,637	12,277	-16.1
Cement	24 ^b	6,737	3,226	-52.1
Petroleum	2	4,924	1,500	-69.5
Textiles	14 ^b	4,807	2,760	-42.6
Agriculture and forest products	3	3,881	883	-77.2
Air service	2	3,754	2,706	-27.9
Food	1	2,819	1,668	-40.8
Mining	4	1,531	1,357	-11.4
Paper	2	871	906	4.0
Port service	1	473	341	-27.9
Insurance	2	279	272	-2.5
Tourism	1	240	154	-35.8
Machines	2	117	43	-63.2
Total	62	45,070	28,093	-37.7

Notes: Figures refer to privatisation cases which took place between 1985 and 2002. a = since privatisation of enterprises was completed in different years, employment figures do not refer to the same year; b = number of privatised factories.

Source: Privatisation Administration, Balance Sheet of Privatised Enterprises (Available online at:

http://www.oib.gov.tr/program/uygulamalar/ok_faaliyet_bilgileri.htm)

In companies privatised in 2005 and 2006, some 114,440 employees were employed prior to privatisation (Table 35). The telecommunications company Türk Telekom accounted for almost half of this proportion, with 54,000 employees. However, in 1997, Türk Telekom had 73,177 employees. Almost 20,000 employees left Türk Telekom between 1997 and 2005, amounting to a decline of 26%, because of downsizing through retirement, compensated retirement, or transfer to other government organisations (Türk Mühendis ve Mimar Odaları Birliği, 2005).

The same trend can be seen in other privatised companies. Employment in the petroleum refining company, Tüpraş, declined by 14% between 2001 and 2006, or from 4,993 employees in 2001 to 4,302 employees in 2006.

Table 35: *Details of major privatisation cases, by company and economic activity, 2005–2006*

Name of privatised company	Economic activity	Date of privatisation	Number of employees before privatisation
Türk Telekom	Telecommunications	14 November 2005	54,000
Erdemir	Iron and steel	27 February 2006	14,414
Turkish Airlines	Air transport	1–3 December 2004	10,956
Turkish Airlines	Air transport	16–18 May 2006	10,928
Vakıfbank	Banking	November 2005	7,164
Tüpraş	Petroleum refining	26 January 2006	4,302
Tüpraş	Petroleum refining	4 March 2005	4,330
Petkim	Petrochemicals	April to December 2005	3,761
Eti Alüminyum	Aluminium production	29 July 2005	2,212
Mersin Port	Seaport operations	12 August 2005	1,336
Ataköy Group of Companies	Tourism	28 February 2005	568
Başak Sigorta and Başak Emeklilik	Insurance/retirement fund	16 May 2006	469
Total	—	—	114,440

Source: OECD, *Economic surveys – Turkey, 2006*

One of the major companies in Turkey's privatisation portfolio is the petrochemical company Petkim. Employment in Petkim declined by 47% between 1999 and 2006, from 6,779 workers in 1999 to 3,596 workers in 2006 (Türk Mühendis ve Mimar Odaları Birliği, 2005; Petrol-İş, 2007).

In order to lessen the negative effects of privatisation on employment, several measures have been undertaken. Among these measures is allowing workers in privatised companies to be temporarily employed in government organisations (Law No. 657 4/C). The Privatisation Social Support Programme (PSSP), funded mainly by the World Bank, was also initiated as a joint effort between the country's Privatisation Administration (*Özelleştirme İdaresi Başkanlığı*), along with İŞKUR, and the organisation for small and medium-sized industry, KOSGEB. The support programme has two main components. As the World Bank outlines: 'The first component provides severance and related payments to workers displaced because of the privatisation of state-owned enterprises. The second component provides labour redeployment services to workers who have been displaced because of privatisation, and including secondary lay-offs, and assists them in rapidly re-entering the labour market' (World Bank, PSSP – Turkey²²). The first phase of this project was completed in 2005. During this phase, some 18,261 workers received compensation totalling around USD 318.6 million (€253.6 million). In addition, 414 small-sized companies employing 1,230 workers were established. KOSGEB developed six workplace development centres, employing 1,177 workers, while İŞKUR initiated 773 projects in the areas of job development, training, consultancy and public services, in which some 25,184 workers took part. Among these, 11,701 workers found new jobs. A second phase of the PSSP was launched by the same partners in 2006.

²² See website at: <http://www.worldbank.org.tr>.

Flexicurity

The concept of flexicurity has recently entered into the debates on labour issues in Turkey, with the social partners and government organisations now addressing issues related to job security, job creation and social inclusion in their debates. Such debates, however, lack broader participation due to the structure of the Turkish labour market. Trade unions, for example, only represent a small percentage of workers in Turkey, estimated at between 8% and 12% of workers, while the informal sector accounts for about 50% of total employment in the economy.

Several regulations seeking to increase labour market flexibility were introduced by the new labour code that came into effect in June 2003. Since employment protection under the new labour code is only recognised for establishments employing 30 or more workers, small companies with fewer than 30 workers have gained greater flexibility. The new labour code also recognises flexible forms of employment by introducing fixed-term contracts and flexible working hours. Despite these regulations, however, job creation has not improved significantly in Turkey: the country's unemployment rate declined from 10.3% in 2004 to only 9.9% in 2007.

Severance pay under the new labour code – covering establishments with 30 or more workers and excluding the informal sector – has acted as the main component of employment protection. The unemployment insurance system, established in 1999, was also incorporated into the new labour code. Since the system covers only insured workers (excluding civil servants and self-employed people) and restrictions were put on eligibility conditions, the number of beneficiaries has been limited.

In order to increase labour market flexibility and to extend job security to all workers, a number of issues should be addressed. Firstly, the informal sector – which accounts for a substantial proportion of the labour force in Turkey – should be incorporated into policy planning. Secondly, compliance with the country's regulations needs to be improved. At the same time, it should be ensured that job security provisions also cover small companies employing fewer than 30 workers. Moreover, skills development should be given priority to help enhance employability and provide additional security to workers.

Health and safety

In the field of health and safety, although shortcomings still remain, some improvements have been reported in recent years in Turkey. While the European Commission (2007) has concluded that Turkey is mostly in line with the *acquis communautaire*, it also identifies several shortcomings: 'In particular, new legislation to transpose the Framework Directive has not been adopted. Furthermore, existing legislation does not cover all workers in the private sector and excludes workers in the public sector. In addition, further efforts to implement the legislation are needed, including through awareness-raising, training and strengthening the capacity of the inspection bodies' (European Commission, 2007, p. 53).

Education and training

In relation to the education levels of Turkey's workforce, it has been found that female workers in urban areas are more educated than their male counterparts, while the opposite is true in rural areas. This indicates that educated women choose to enter the labour market and that low educational attainment among women is therefore partly responsible for their low labour market participation rates. Employment rates rise with educational attainment in Turkey, which is also the case for Europe. Differences in employment rates between women and men, in favour of the latter, are seen in all educational groups, although the differentials narrow somewhat the higher the level of educational attainment. At all educational levels, women have significantly lower employment rates than their European counterparts.

Vocational schools in Turkey have had only limited success and participation in non-formal education and training has remained low. In order to improve the quality of the workforce and to ease the transfer of workers from privatised enterprises to private companies, the employment agency İŞKUR arranges training courses for people who are unemployed, persons with disabilities, young people, women and workers from privatised enterprises. Non-formal training and education are more common in the formal sector. In the informal sector, organisations such as KOSGEB and TESK conduct limited training programmes.

Unionisation and collective bargaining

Turkey currently has 92 trade unions with 3,091,042 members, most of which are affiliated to one of the country's three trade union confederations. Overall, the three trade union confederations represent 96% of union members; the remaining 4% of trade union members belong to independent trade unions. Official figures from the CSGB indicate that Turkey's unionisation rate amounted to about 58% in 2007. However, this unionisation rate is overly exaggerated due to the substantial size of the informal sector and the underestimation of total employment in CSGB statistics: despite that fact that Turkey's informal sector accounts for about half of total employment, it is not included in the formal processes of industrial relations. Taking into account these factors, the actual unionisation rate is estimated to be considerably lower at between 8% and 12%.

Civil servants in Turkey gained the right to organise in trade unions in 2001. It is currently estimated that there are a total of 61 trade unions for civil servants, with 779,399 members. The unionisation rate among civil servants is about 50%. However, membership is not open to all categories of civil servants – such as judges, military personnel and police officers.

In Turkey, in order to engage in collective bargaining, a trade union must represent at least 10% of the workforce in the domain of its economic activity and more than 50% of the workforce in the establishment. If more than one establishment belongs to the same employer, only one collective bargaining process is conducted for these establishments – this is referred to as 'enterprise-level' collective bargaining. In terms of the proportion of workplaces and workers covered by collective bargaining, enterprise-level collective bargaining is more common than other forms in Turkey, accounting for about 78% of workplaces and 67% of workers. In 2006, only 10% of unionised workers and 6% of all workers were covered by some form of collective agreement. On average, collective agreements are signed for a period of two years. In 2007, 45.6% of unionised employees and 24% of all employees were covered by collective bargaining. Strikes and lockouts have not played a significant role in resolving disputes between employer organisations and trade unions in Turkey, and the majority of strike decisions were abandoned before they were put into practice. Moreover, the country's Council of Ministers can issue an order to suspend any lawful strike if it believes that the action could pose a threat to national defence or public health.

Employment distribution

Data on the sectoral distribution of employment in Turkey indicates that the country has increasingly become a service-based economy. Overall, the services sector accounts for almost half (47%) of total employment in the economy. Although employment in agriculture has gradually declined over the years, its share of total employment is still relatively high at about 27%. Industry accounts for a further 20% of total employment, while construction constitutes about 6% of total employment.

The informal sector, however, continues to play a significant role in the economy. Unregistered employment remained at about 50% in 2007. The level of informal employment is particularly noteworthy in some sectors. In agriculture, about 90% of employment is informal. In construction, personal services, retail trade and transport, informal employment

ranges between 40% and 60% of total employment. In manufacturing, one third of employees operate in the informal economy.

Job creation and job losses

Turkey's employment agency, İŞKUR, helps jobseekers to secure employment and employers to find workers. In 2007, İŞKUR received a total of 662,398 applications from jobseekers, whereas the number of open job positions – that is, vacancies reported by employers to the employment office – amounted to only 183,290 such positions. Moreover, only 94,652 job placements were made in the same year.

CSGB statistics on job entries and job exits indicate that the sectors with high or low job entry rates were also the sectors with high or low job exit rates. In the period 2004–2007, the top five industries with high job entry and job exit rates were commerce, office, education and fine arts, highway transport, construction, general services, and accommodation and entertainment. Altogether, these five sectors account for about 40% of all workers.

Data on the reasons for job exits show that voluntary departures and 'other reasons' accounted for about 80% of all job exits. The cessation of temporary and seasonal work accounted for a further 16% of all job exits, while the remaining 4% was due to dismissals.

State-owned enterprises

The number of employees in Turkey's state-owned enterprises has dramatically declined over the years. Since the start of privatisation in 1985, employment in state-owned enterprises has declined by 65%, or 430,050 jobs. However, privatisation only partly explains the decline in the number of employees in state-owned enterprises. For example, only one sixth of the job losses during the period 1985–2002 can be explained by privatisation. The majority of job losses in state-owned enterprises are instead attributed to the downsizing of such enterprises through retirement, early retirement, dismissals with compensation, the transfer of workers to other organisations and the dismissal of those with no employment contract or job security.

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Annexes

Annex 1: Classification of economic activities

Table A1: *Branches of economic activity in which trade unions and employer organisations in Turkey may be established*

Code number	Economic activity	Code number	Economic activity
1	Agriculture, forestry, hunting and fishing	15	Construction
2	Mining	16	Energy
3	Petroleum, chemicals and rubber	17	Commerce, office, education and fine arts
4	Food	18	Highway transport
5	Sugar	19	Railway transport
6	Textiles	20	Sea transport
7	Leather	21	Air transport
8	Wood	22	Warehousing and storage
9	Paper	23	Communications
10	Printing and publishing	24	Health
11	Banking and insurance	25	Accommodation and entertainment
12	Cement, clay and glass	26	National defence
13	Metal	27	Journalism
14	Shipbuilding	28	General services

Annex 2: Service activity classification for civil servants

Table A2: Types of service activity in which trade unions can be organised in the public sector

Code number	Economic activity	Code number	Economic activity
1	Office, banking and insurance	7	Public works, construction and rural services
2	Education, instruction and science	8	Transport
3	Health and social services	9	Agriculture and forestry
4	Municipal services	10	Energy, industry and mining
5	Printing, publishing and communications	11	Religious and foundation services
6	Culture and art		

Note: As defined under Law No. 4687 Article 5

Annex 3: Reasons for job exit

1. Mass dismissals (4857/29)
2. Notice of termination of contract (4857/17)
3. Retirement due to disability (1475/14)
4. Retirement (1475/14)
5. Death
6. Military service (1475/14)
7. Marriage (1475/14)
8. Job temporarily stopped (*force majeure*) (4857/24)
9. Health reasons (4857/24)
10. Immoral or dishonourable conduct of employer (4857/25)
11. Decision of discipline committee (4857/25)
12. Absenteeism (4857/25)
13. Job temporarily stopped (*force majeure*) (4857/25)
14. Health reasons (4857/24)
15. Immoral or dishonourable conduct of worker (4857/25)
16. Resignation (4857/17)
17. Job ended
18. Job transfer
19. Workplace closure (4857/3)
20. Expiry of visa
21. Dismissed during trial period (4857/15)
22. End of season
23. End of campaign period
24. Entering governmental or contractual status
25. Other reasons

Note: '4857' refers to Turkey's current labour law (Law No. 4857), while '1475' refers to the country's previous labour law (Law No. 1475).